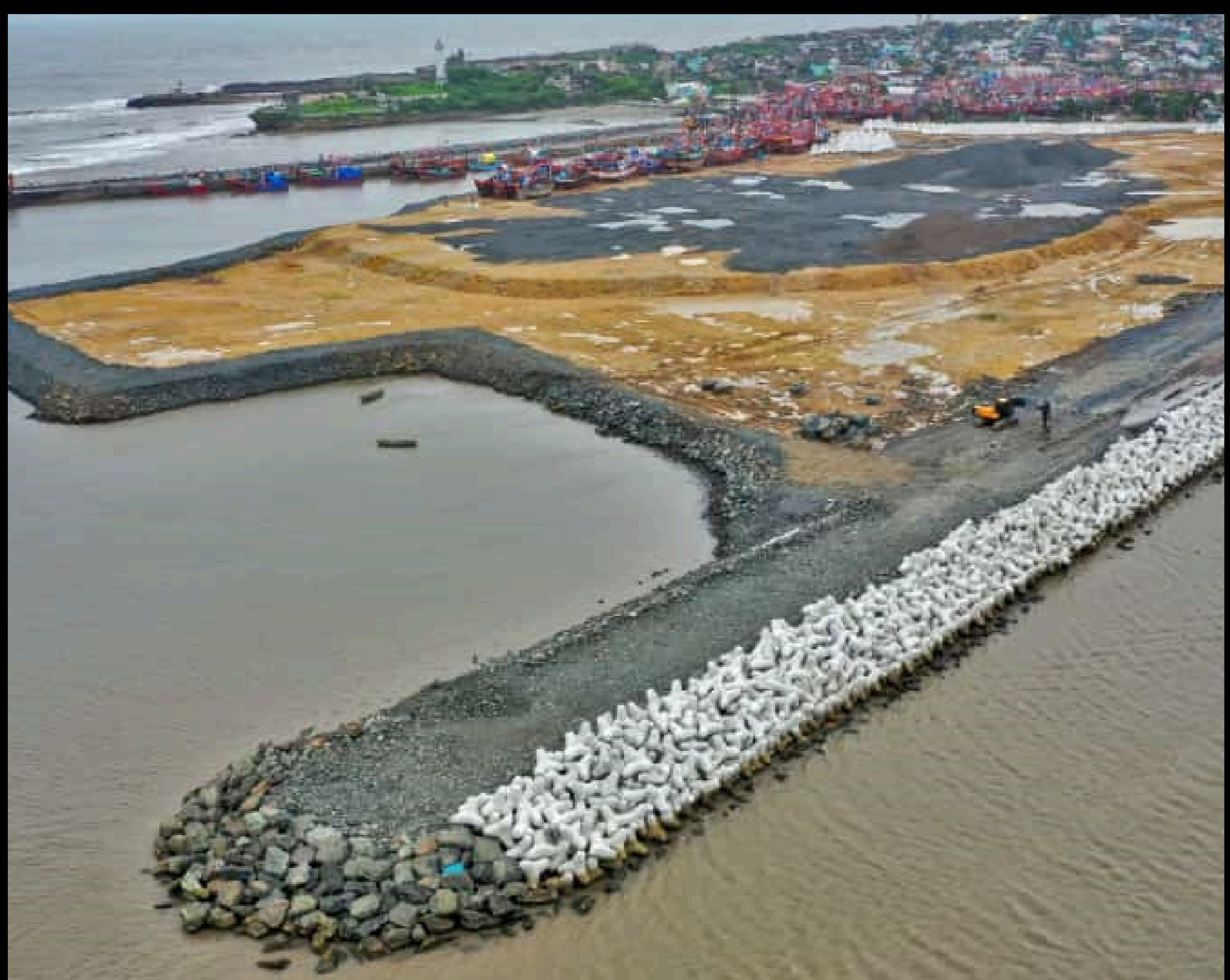
सत्यमेव जयते

Department of Fisheries

Guidelines for

Fisheries and Aquaculture Infrastructure Development Fund (FIDF) Credit Guarantee Scheme (CGS)



Ministry of Fisheries, Animal Husbandry & Dairying

Government of India

सत्यमेव जयते

GUIDELINES

FIDF

Fisheries and Aquaculture Infrastructure Development Fund (FIDF) Credit Guarantee Scheme (CGS)

Department of Fisheries
Ministry of Fisheries, Animal Husbandry & Dairying
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CONTENTS

Guidelines on Fisheries and Aquaculture Infrastructure Development Fund (FIDF)

1. Introduction

1.1. Fisheries and aquaculture sector in the country is having immense potential to contribute to the nutritional food security, export earnings and provides livelihood to about 28 million fishers and fish farmers at the primary level and almost twice the number along the value chain. The sector has made notable strides and has sustained an impressive average annual growth rate of 8.61% from FY 2014-15 to FY 2021-22. The fish production in India has maintained a robust annual average growth rate of about 7% during the last nine years, with the total production reaching an all-time high of 175.45 lakh tonne during FY 2022-23, comprising 44.32 lakh tonne of marine and 131.13 lakh tonne of inland fisheries.

1.2. In order to address the infrastructure requirement for fisheries sector, the Government of India, Ministry of Fisheries, Animal Husbandry and Dairying during 2018-19 has created the Fisheries and Aquaculture Infrastructure Development Fund (FIDF) with a total funds size of Rs 7522.48 crore, comprising Rs. 5266.40 crore to be raised by the Nodal Loaning Entities (NLEs), Rs.1316.60 crore beneficiaries' contribution and Rs. 939.48 crore budgetary support from the Government of India.

1.3. FIDF was created in compliance of the announcement made in the union Budget 2018-19, as in the budget, the Government had announced the setting up of two dedicated funds, namely Fisheries and Aquaculture Infrastructure Development Fund (FIDF) for Fisheries Sector and Animal Husbandry Infrastructure Development Fund (AHIDF) for financing infrastructure requirement of Animal Husbandry sector with a total corpus fund of Rs. 10,000 crore. The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 24th October, 2018 approved the proposal for setting up and implementation of the FIDF for a period of five years i.e 2018-19 to 2022-23 and as and as such the originally approved implementation period ended on 31.3.2023.

2. Achievements

2.1 The Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying during the implementation period of FIDF from 2018-19 to 2022-23 has approved a total 121 infrastructure projects at a total cost of Rs. 5588.63 crore with project cost restricted for interest subvention at Rs. 3738.19 crore to various States/UTs and other implementing agencies.

3. Extension of FIDF

3.1 The evaluation study conducted in March, 2023 through an independent agency to evaluate the impact of FIDF *inter-alia* recommended for extension of FIDF and establishment of a credit guarantee mechanism to facilitate sanction of loans to private sector and cooperatives.

3.2 FIDF its implementation during the last five years (2018-19 to 2022-23) has been contributing towards creation of multifarious benefits in terms of filling the infrastructural gaps in fisheries aquaculture sector, augmentation of fish production, growth of subsidiary industries and creation of employment opportunities, economic prosperity of fishers and other stakeholders.

3.3 The Government of India, keeping in view of contribution made by FIDF and to further leveraging of financial resources, encourage more investments in development of infrastructure for fisheries and aquaculture both from the public and private sector, promoting economic development and expansion of relevant sectors, has extended Fisheries and Infrastructure Development Fund (FIDF) for another period of 3 years from 01.04.2023 to 31.3.2026 within the already approved fund size of Rs 7522.48 crore and budgetary support of Rs 939.48 crore.

3.4 The extension of FIDF for a period of 3 years from 01.04.2023 to 31.3.2026 entail the followings:

3.4.1 To continue to take up new projects for development of fisheries and aquaculture infrastructure.

3.4.2 Nodal Loaning Entities (NLEs) will continue to sanction loan to the new projects to be approved during the extended period as well as to the projects that have been approved by DoF before 31.03.2023 and loan for such projects has not been sanctioned by NLEs before 31 March, 2023.

3.4.3 Nodal Loaning Entities(NLEs) will continue to disburse the loan for the projects approved by the DoF before 31 March, 2023 and sanctioned by NLEs and also new projects to be taken up till the extended period of 31 March, 2026.

3.4.4 To meet interest subvention in respect of all the fisheries & aquaculture infrastructure projects approved under FIDF by the Government of India till the end of their respective repayment period of 12 years including of moratorium of 2 years on repayment of principal. Hence, payment of interest subvention will continue till the end of repayment period of the last projects sanctioned i.e. till 31 March, 2038. The interest subvention and administrative expenses continued to be met from the already approved budgetary support of Rs. 939.48 crore.

3.4.5 To provide credit guarantee facility to the projects of entrepreneurs, individual farmers and cooperatives to be approved under FIDF during the extended period of 3 years from FY 2023-24 to FY2025-26 i.e. till 31.3.2026 from the existing credit guarantee fund under the Infrastructure Development Fund (IDF) of the Department of Animal Husbandry and Dairying(DAHD), Ministry of Fisheries, Animal Husbandry and Dairying. Detailed guidelines for providing credit guarantee facility to the aforementioned fisheries projects under IDF of DAHD will be notified separately by the Department of Fisheries in consultation with the Department of Animal Husbandry and Dairying.

4. Area of Operation

4.1 The Fisheries and Aquaculture Infrastructure Development Fund (FIDF) as detailed in this guidelines are implemented in all the States and Union Territories.

5. Objectives

The FIDF was created in with the following objectives:

5.1 Creation and modernization of capture & culture fisheries infrastructure

5.2 Creation of Marine Aquaculture Infrastructure

5.3 Creation and modernization of Inland Fisheries Infrastructure

5.4 Reduce post-harvest losses and improve domestic marketing facilities through infrastructure support.

5.5 To bridge the resource gap and facilitate completion of ongoing infrastructure projects.

6. Nodal Loaning Entities (NLES)

6.1 National Bank for Agriculture and Rural Development (NABARD)

6.2 National Cooperatives Development Corporation (NCDC)

6.3 All scheduled Banks

7. Eligible Entities (EEs)

7.1 State Governments/Union Territories,

7.2 State Owned Corporations/State Govt. Undertakings/ Govt. Sponsored / Supported Organizations

7.3 Fisheries Cooperative Federations (including FISHCOPFED etc.)

7.4 Cooperatives, collective groups of fish farmers & fish produce groups etc.

7.5 Panchayat Raj Institutions/Self Help Groups (SHGs)/ NGOs

7.6 SCs/STs/Marginal Farmers, Women & entrepreneurs, Self Help Groups and cooperatives of these etc.

7.7 Private companies/entrepreneurs

7.8 Physically disabled

7.9 Any other institution/entity to be decided by the Government

8. Nodal Implementing Agency(NIA)

8.1 National Fisheries Development Board, Hyderabad

8.2 Terms of Reference (ToR)

8.2.1 To carryout techno-financial evaluation of the proposals submitted by various Eligible Entities (EEs), formulation of operational guidelines, formulation of annual action plans, overall coordination, interface with various organisations/stakeholders, outcome focused monitoring of all activities of the FIDF or any others, as may be required for smooth implementation of the FIDF.

8.2.2 To assist the Department of Fisheries in overall monitoring of the FIDF, formulation of annual budgetary proposals and releases of interest subvention and funds to the NLEs and other agencies as may be required at central level.

8.2.3 To assist the Central Approval and Monitoring (CAMC) in the matter of scrutinizing the proposals on techno-financial angles.

9. Eligible Investment Activities

9.1 Establishment of Fishing Harbours

9.2 Establishment of Fish Landing Centres

9.3 Infrastructure for Mariculture and Advanced Inland Fisheries (Ocean farming, Cage Culture etc.)

9.4 Construction of Ice Plants (both for marine and inland fisheries)

9.5 Development of Cold Storages (both for marine and inland fisheries)

9.6 Fish Transport and Cold Chain Network Infrastructure

9.7 Development of Modern Fish Markets

9.8 Setting up of Brood Banks

9.9 Development of Hatcheries

9.10 Development of Aquaculture

9.11 Modemization of State Fish Seed Farms

8.12 Establishment of state of art Fisheries Training Centres

9.13 Fish Processing Units

9.14 Fish Feed Mills/Plants

8.15 Establishment of Cage culture in Reservoirs

9.16 Introduction of Deep Sea Fishing Vessels

9.17 Establishment of Disease Diagnostic Laboratories

9.18 Development of Mariculture

9.19 Establishment of Aquatic Quarantine Facilities

9.20 Any other innovative projects/activities designed to enhance fish production/productivity/value

10. Quantum of Loan and Margin Money/Beneficiary Contribution

10.1 The project under the FIDF shall continue to be eligible for loan up to 80% of the estimated/actual project cost. Beneficiaries are required to contribute at least 20% of the project cost as margin money.

10.2 Contribution of margin money in case of States/UTs, State Entities implemented projects shall not be mandatory. However, the concerned States/UTs, State entities, may decide contribution and size of the margin money preferably on lines of RIDF, depending upon availability of budget in their respective states/UTs.

10.3 Cost escalation of the approved project, if any occurred during the course of project implementation on account of genuine reasons like natural calamity, technical compulsions, change in the SoRs and any other unavoidable circumstances shall be considered for enhancement of loan amount, within in the reasonable time and not more than two years from the date of approval of the particular project.

10.4 For the new projects to be approved under FIDF during the extended period of 3 years from 1.4.2023 to 31.3.2026 i.e. in remaining period of 15" Finance Commission, loans to State Governments/State Agencies will be restricted to be not more than 10% of the total loans to be disbursed for new projects under FIDF. The ceiling of 10% will not be applicable for Public Private Partnership (PPP) projects.

11. Interest Subvention and Lending Rate of Interest

11.1 **Interest Subvention:** Up to 3% per annum for all EEs for development of identified fisheries based infrastructure facilities.

11.2 **Lending Rate of Interest:** Not lower than 5% per annum for all EEs for development of identified fisheries based infrastructure facilities.

11.3 The interest subvention as at 11.1 above also includes cost of reduction of interest rate and uniform margin of 0.6% towards funds management charge and risk coverage costs to the NLES.

11.4 The Department of Fisheries, Ministry of Fisheries, Animal Husbandry. Government of India shall pay the interest subvention amount to NABARD/ NLEs till due outstanding loan period and interests are fully paid off. Subject to provisions of FIDF, the interest subvention shall be the difference between (a) costs of barrowing by NABARD/ NLE (Inclusive of interest, taxes, fees, charges, etc.) plus fund management cost of 0.6% per annum, and (b) the rate of interest charged on loans to EEs by NABARD/NLES.

11.5 Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying shall make adequate annual budget provision for interest subvention to NABARD/NLEs for 12 years repayment period covering the entire repayment period of loan by the EEs under FIDF based on annual plan submitted by NABARD.

11.6 NABARD will submit quarterly claims of interest subvention of all NLES. Department of Fisheries subject to the availability of funds, may place in advance, the quarterly interest subvention amount with NABARD. Interest accrued on the Government of India fund placed at the disposal of NABARD by the Department of Fisheries towards meeting the interest subvention liability of NLEs will be remitted to the consolidated fund of India by NABARD regularly as per financial rule and extent guidelines issued for the purpose.

12. Funding Mechanism

12.1 FIDF will continue to provide concessional finance to the Eligible Entities (EEs), including State Governments/Union Territories and State entities for development of identified fisheries Infrastructure facilities through the Nodal Loaning Entities (NLEs) namely; (i) National Bank for Agriculture and Rural Development (NABARD), (ii) National Cooperatives Development Corporation (NCDC) and (iii) All scheduled Banks. These three Nodal Loaning Entities will continue to provide the loans to EEs during the extended period.

12.2 Under the FIDF, the Government of India, Ministry of Fisheries, Animal Husbandry and Dairying will continue to provide interest subvention up to 3% per annum for providing the concessional finance by the NLEs at the interest rate not lower than 5% per annum. The extended loan lending period under FIDF will be further period of three years from 01.04.2023 to 31.03.2026 and maximum repayment period of 12 years inclusive of moratorium of 2 years on repayment of principal amount would be continued as existed.

12.3 NABARD would continue to fund the public infrastructure components through the State Governments/State Entities. Besides, NABARD if required would also refinance to the other NLEs namely NCDC and scheduled Banks for implementation of the FIDF,

12.4 NCDC will continue to lend the loan to the Eligible Entities (EEs) in cooperative sectors either through the State Governments/UTs, or directly to the Eligible Cooperative & Federation etc. (State/UT and National levels) in accordance with its financial terms and conditions at the specified rate of interest with ceiling on interest subvention under the FIDF. NCDC will source the required funds from the market borrowing, or utilise own financial resources or avail refinancing from the

NABARD for lending the loan in cooperative sector for implementation of the FIDF. NCDC shall ensure timely repayment of the loan along with the interest to NABARD, if any refinanced by NABARD.

12.5 Similarly, the Scheduled Banks as NLEs will also raise own funds or utilise their available financial resources to lend the loan to the Eligible Entities (EEs). In respect of entrepreneurs, individual farmers and cooperatives, lending will be through the local scheduled Banks for implementation of the FIDF. The banks may also avail re-finance support from NABARD, if required for lending to the EEs for implementation of the FIDF. Reserve Bank of India (RBI) would issue suitable guidelines/advisory, if any required, to the scheduled banks for implementation of the FIDF.

12.6 The cost of mobilization of funds by the NLEs will depend upon the prevailing market conditions and hence it will be dynamic in nature. Keeping in view the upward and downward movements of interest rates, interest subvention under FIDF will be fixed up to 3% per annum for all EEs for development of identified fisheries based infrastructure facilities.

12.7 Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying shall meet the interest subvention, administrative expenses, funds management costs, expenses on skill development, capacity enhancement, institutional building and unforeseen items through the regular budgetary allocation for the FIDF. For this, required budgetary allocation will be made annually till the ending of last repayment period. i.e till FY 2038.

12.8 In order to ensure timely repayment of loan and interest amount to NABARD/NLES, it is imperative that a robust mechanism is put in place. The State Governments will get a mandate registered with RBI / Principal Banker on their current account, in favour of NABARD/ NLEs to the effect that, in the event of default by the concerned State Government in repaying the principle and interest on loans taken from NABARD/ NLEs shall have the first charge on the all receipts of the concerned State Government in their current account including from out of the Central Divisible Pool. NCDC shall continue to provide the loan to the Cooperatives/Federations in accordance with their financial terms and conditions, and ensure recovery of the loan provided to EEs. NCDC shall also ensure repayment of the loan along with interest to NABARD in case of refinancing by the NABARD to NCDC.

13. Loan Disbursement

13.1 Loan Lending period under FIDF will extends till 31.3.2026.

13.2 Projects wherein the first instalment of loan is released before March 2026, will be eligible for release of the remaining instalments, within 2-year period i.e. before 31 March 2028 and all such releases are eligible for interest subventions under FIDF, subject to the provision of relevant provisions in these guidelines. However, efforts will be made to complete the implementation and release of loan amount at the earliest.

14. Repayment of Loan

14.1 Maximum Repayment period: 12 years inclusive of moratorium of 2 years on repayment of principal.

14.2 NLEs will ensure that the maximum repayment period should not exceed 12 years from the date of first disbursement inclusive of a moratorium of 2 years on repayment of principal.

14.3 However, the financing NLEs, at their discretion, may curtail the repayment period depending on the project magnitude, size of the financial investment, repayment capacity of the project proponents (EEs) etc.

14.4 Banks and NABARD being independent commercial institutions would be at liberty to sanction/release the loans as per their commercial norms/ policies and in compliance with the regulatory guidelines as notified by RBI from time to time. The operational and credit related decisions like process of repayment, rate of interest, penal interest, security and extent of finance will be decided by NLE's.

14.5 Subject to provisions of FIDF, NCDC being an independent commercial institution would be at liberty to sanction or release the loans as per its commercial norms or policies and in compliance with the decisions of the competent authority including the Board of Management of NCDC and Government of India broadly in line with the guidelines issued by RBI for banks and NBFCs. Further, subject to provisions of FIDF, the operational and credit related decisions like process of repayment, penal interest, security and extent of finance will be decided by NCDC.

14.6 Subject to provisions of FIDF, NLEs to fix the lending rates in consonance with broad regulatory guidelines of RBI taking into account their cost of funds and the risk perception of the loan.

14.7 The State Governments will get a mandate registered with RBI/Principal Banker on their current account, in favour of NABARD/ NLES to the effect that, in the event of default by the concerned State Government in repaying the principal and interest on loans taken, NABARD/ NLEs shall have the first charge on the all receipts of the concerned State Government in their current account including from out of the Central Divisible Pool.

14.8 Subject to provisions of FIDF, NLES may consider providing additional loan against justified cost escalations of the approved projects, subject to approval of CAMC.

14.9 A project will be considered non- starter, if no drawals are made within six months from the date of sanction by NLE. Further, the sanction would lapse if the EE, fails to ground the project within a period of 12 months, from the date of sanction by NLE. This is a broad guideline; however, NLEs will take final decision on case to case basis,

14.10 NLEs may consider withdrawal of projects by EEs on account of genuine constraints and difficulties. EEs may be levied interest to the extent of loan withdrawal, even if withdrawal of project is during the period of moratorium, and commitment/ pre-payment charges, if any unless otherwise decided by NLES.

14.11 NLEs may consider stopping further disbursements of loans and advances sanctioned for the project, until such amount in default are paid in full by EEs. In such cases, neither the lending agency, Department of Fisheries, GoI, NIA, (Nodal Implementing Agency) shall be liable for any loss, damage or expenses that may be caused in the completion of aforesaid projects.

15. Availability of Land, Water Bodies and Statutory Clearance

15.1 Loan under the FIDF shall not be provided for acquisition of land and water bodies in any manner such as purchase, transfer, lease, accession/addition etc. required for implementation of the identified project activities.

15.2 The project proponents (EEs) are required to acquire necessary land and water bodies (in case of non-availability of land with them) at their own cost and complete all processes associated with land acquisition, before submission of the proposal for concessional finance under the FIDF.

15.3 The projects having land and water bodies on long term lease may also be considered for financing under FIDF. However, the lease period/ agreement should be of sufficient duration to secure the loan. In case of lease, requisite No Objection Certificate from the competent authority for mortgage to NLEs may be obtained.

15.4 The project proponent (EEs) may not be allowed to terminate the lease agreement intermediately (earlier that the agreed lease period) and sell out the land and water bodies as well as facilities created with the loan availed under the FIDF. However, in case EEs are under compulsion to do so due to unavoidable circumstances whatsoever then they shall obtain permission from the concerned NLEs after retum of the entire loan availed till that time, with applicable interest and prepayment penalty, if any, to the NLEs, in single instalment.

15.5 Confirmation with necessary documentary evidence on availability of land and water bodies and statutory clearances (wherever necessary) shall be clearly Indicated in the DPR/Self Contained Proposal.

15.6 The EEs shall provide documentary evidence/certificate of availability of requisite land and water bodies free from all encroachment and encumbrances.

15.7 The EEs are required to obtain necessary statutory clearances, permits and licenses, whatsoever and wherever required for implementation of the intended project under the FIDF. The expenditure, if any involved in this processes shall be met by the applicants/beneficiaries.

16. Formulation of Detailed Project Report (DPR)

16.1 Concessional financing under the FIDF is based on Detailed Project Reports (DPRs) / Self Contained Proposals.

16.2 Detailed projects especially for infrastructure and large magnitude projects shall be formulated based on;

I. Identification of suitable site,
II. Necessary engineering and socio-economic investigations and surveys.
III. Planning and designing of the facilities and
IV. Model studies wherever required etc.

16.3 The EEs shall submit the DPR/Self Contained Proposal in triplicate copies.

17. Submission of the Project Proposal

17.1 The complete DPRs/self-contained proposals for seeking concessional financing under the FIDF shall be submitted by the EEs at the following address:

To
Joint Secretary(Fisheries)
Department of Fisheries,
Ministry of Fisheries, Animal Husbandry and Dairying,
Krishi Bhawan, New Delhi-110001

17.2 A copy of the proposal shall also be submitted to the Nodal Implementing Agency(NIA) at the following address:

The Chief Executive,
National Fisheries Development Board,
Department of Fisheries,
Ministry of Fisheries, Animal Husbandry and Dairying
Government of India,
Pillar No:235, PVNR Expressway, SVPNPA Post,
Hyderabad-500052.

17.3 NIA would receive the proposals from the concerned State Governments/UTs in respect of State/UT owned/implemented projects and directly from the other EEs (wherever the State/UT financial contribution is not involved in implementation of the intended project under the FIDF).

17.4 Except Entrepreneurs/Companies all the other EEs shall route their applications through Nodal Departments of their respective State/UTs.

18. Project Evaluation and Sanction

18.1 NFDB, being the Nodal Implementing Agency (NIA), shall scrutinize, evaluate, appraise the proposals submitted by EEs and place such proposals before Central Approval and Monitoring Committee (CAMC) for approval.

18.2 CAMC will meet as often as necessary, and consider the proposals placed before it and accord approval to projects signifying approval for grant of interest subvention and recommend such approved proposals to the NLES for considering sanction of loans. Lending decision would be left to the Banks and NABARD as per their policy and regulatory guidelines.

18.3 NLEs to send a copy of the loan sanction to CAMC and NIA for information.

19. Implementation Mechanism

19.1 The National Fisheries Development Board(NFDB), Hyderabad under the Administrative control of the Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying, Government of India has been notified as Nodal Implementing Agency (NIA) at the national level for implementation of the FIDF and as such the NFDB will also continue to act as NLEs for the extended period of three years.

19.2 The Central Apex Committee (CAC) constituted under the chairmanship of Secretary, Department of Fisheries would also continue to function during the entire period of FIDF as has been done in the last 5 years. The Central Approval and Monitoring Committee (CAMC) constituted under the chairmanship of Joint Secretary (Fisheries), Department of Fisheries for appraisal, appropriate recommendations, will also continue its responsibility during the extended period of three years. CAMC will continue to perform its responsibility of monitoring and evaluation of the approved projects till completion of the entire period of FIDF.

19.3 The amendments to the existing guidelines wherever required to incorporate the facility of credit guarantee and other requirements for smooth implementation of FIDF would be notified with the recommendations of CAC and approval of the Hon'ble Minister, Ministry of Fisheries, Animal Husbandry and Dairying.

19.4 The institutional arrangements notified such (i) Nodal Implementing Agency. (ii) Central Apex Committee (CAC) and (iii) Central Approval and Monitoring Committee (CAMC) would continue to function as usual during the entire period of Implementation of FIDF.

19.5 All the projects/proposals to be funded under FIDF will be evaluated, appraised and approved by the CAMC, and as such no separate specific appraisal mechanism at NLEs was envisaged proposed, as NLEs are also part of the CAMC. However, the lending agency (NLE) shall continue to undertake its own independent credit appraisal, if any required in accordance with their existing norms & regulations.

19.6 Once the projects are approved by the CAMC and the Department of Fisheries, the NLEs will sanction and release the admissible loan to the Eligible Entities(EEs) directly after fulfilment of their financial regulations. The loan amount shall be released to EEs in instalments depending on assessment of the progress by the

CAMC. The quantum of funds to be borrowed, loan amount to each viable proposal and number of instalments in which loan amount will be released to EES will be decided by the CAMC at the appraisal/approval stage.

19.7. Under the FIDF, budgetary requirements of Rs 939.48 crore has been estimated, which mainly includes interest subvention and funds management /risk coverage charges of Rs. 924.25 crore and Rs. 15.23 crore for administrative expenses. The earmarked funds under administrative expenses shall be utilized for (i) Information Education Communication (IEC) activities and preparation of IEC materials, (ii) cost of seminars, workshops, conferences, official meetings, farmers and cooperative meets, (iii) cost of hiring of personnel on contract such as consultants/experts/advisors (4 Nos) & Data Entry Operators (4 Nos) and MTS etc. in the DoF, (iv) publicity and promotional activities, (v) documentation both in print and electronic forms on success stories and best management practices, (vi) cost of supervision, monitoring and evaluation, (vii) preparation of MIS & necessary hardware/software, (viii) evaluation studies, (ix) cost of need based training, skill development and capacity building, (ix) hiring of project management consultants/advisors including PMA and (x) IT based applications, as may be required for implementation of FIDF etc.

19.8 The below mentioned committees have been constituted by the Ministry of Fisheries, Animal Husbandry and Dairying and the committees would continue to function for implementation of the FIDF.

19.8.1 Central Apex Committee (CAC)

19.8.1.1 Composition

(i) Secretary, Department of Fisheries, GoI-Chairperson

(ii) Chairperson, NABARD or his nominee

(iii) Managing Director, NCDC or his nominee

(iv) Additional Secretary & Financial Advisor, Department of Fisheries, GoI

(v) Joint Secretary, Department of Financial Services, Ministry of Finance

(vi) Joint Secretary, Department of Expenditure, Ministry of Finance

(vii) Joint Secretary (Fisheries), Department of Fisheries, GoI

(viii) A nominee of NITI Aayog

(ix) Chief Executive, NFDB, Hyderabad

(x) Representatives of any of two participating banks namely SBI & BOB

(xi) Joint Commissioner (Fisheries), Department of Fisheries, GoI - Member Convener

19.8.1.2 Terms of Reference (TOR)

(i) To fix the lending rate for any given financial year.

(ii) Approval, modification and amendments of guidelines of the FIDF.

(iii) To approve the Annual Action Plans, as finalized by DoF in consultation with the NABARD, NCDC and at least two scheduled Banks.

(iv) To approve funds drawl plan submitted by DoF, as and when required.

(v) CAC is empowered to re-appropriate funds from one activity to another activity and one project to another project within overall allocation under the FIDF.

(vi) CAC is empowered to modify physical and financial targets of individual activities, course correction, where required during implementation based on regular review, approved inclusion and changes in physical and other guidelines including project area etc.

(vii) To co-opt external experts from the field of fisheries as members of CAC

(viii) CAC is fully empowered to make any changes in the FIDF guidelines and delegate powers to CAMC that may be necessary for smooth implementation of the FIDF.

(ix) CAC is empowered to allocate overall financial resources amongst various projects/schemes/category of EEs/beneficiaries.

(x) CAC will meet twice a year, or as frequently as may be required, and provide policy and strategic support to implement the FIDF smoothly.

(xi) The expenditure involved in conduct of meeting, preparation of report, minutes etc., in respect of the CAC shall be met from the FIDF.

19.8.2 Central Approval and Monitoring Committee (CAMC)

19.8.2.1 Composition

(i) Joint Secretary (Fisheries), Department of Fisheries-Chairperson

(ii) A nominee of NITI Aayog

(iii) Fisheries Developmertt Commissioner, Department of Fisheries

(iv) A nominee of NFDB

(v) A nominee of NABARD

(vi) A nominee of NCDC

(vii) A nominee of concerned scheduled banks

(viii) A nominee of ICAR

(ix) Secretary-in-Charge of Fisheries of the concerned State/UT or his nominee/representative

(x) Joint Commissioner(Fisheries), Department of Fisheries Member Convener

19.8.2.2 Terms of Reference (ToR)

(a) To examine, appraise and approve the feasible/viable proposals both from administrative and financial angles under the FIDF.

(b) CAMC will hold its meetings at least once in a month on a regular basis to clear the proposals received in the DoF. CAMC may also convene its meeting any time depending on the receipt of the proposals.

(c) CAMC will also review and monitor the projects approved under the FIDF. The monitoring meetings of CAMC shall be held on a quarterly basis to review the progress of the project taken up under the FIDF.

(d) CAMC shall examine, appraise, and approve the feasible/viable proposals in accordance with the implementation guidelines, cost norms, unit costs, admissible loan component and other advisories/guidelines/clarifications if any issued in respect of the FIDF from time-to-time.

(e) Any other duties/responsibilities assigned by the Central Apex Committee (CAC) as and when required for implementation of the FIDF.

(f) To approve any innovation projects/activities designed to enhance fish productivity/production/value.

20. Project Monitoring and Evaluation

20.1 The CAMC constituted in the Department of Fisheries will review and monitor the projects approved under the FIDF. The monitoring meetings of CAMC shall be held on a quarterly basis to review the progress of the project taken up under the FIDF.

20.2 The concerned project proponent/EEs shall submit the progress report to Department of Fisheries regularly on a quarterly basis clearly indicating physical and financial achievements. EEs also will submit project completion report to Department of Fisheries, after the intended projects are completed.

20.3 NIA will undertake Desk & Field monitoring, and identifying critical issues and bottlenecks such as non-starter projects, slow progressing projects, geographical distribution of projects, compilation of project-wise progress report, outcomes etc., NIA, will design a monitoring mechanism, if any required, and place it before the CAMC/CAC for approval.

20.4 NIA will assist the CAMC in all the matters relating to monitoring and evaluation of the projects and place its report, before CAMC.

20.5 CAMC will carry out project-wise mid-term corrections, if any required due to technical administrative compulsions. The Mid-term corrections shall include, increase/decrease of the project scope, re-arrangement of the project components, re-appropriation of funds from one item to other item within the overall approved project cost.

21. Unit Cost of Investment Activities

21.1 FIDF envisages preparation/formulation and notification of detailed guidelines on implementation of FIDF including component-wise unit costs, sanctioning of loan, approval processes, repayment of loan and interest, monitoring. evaluation, resource allocation etc.

21.2 Component-wise unit costs of the investment activities supported under the Fisheries Infrastructure Development Fund (FIDF) are furnished at Table-1 of these Guidelines.

21.3 The projects with higher unit cost will also be considered under the FIDF. However, the interest subvention is limited to the unit cost content in the Table-1 and balance liability over and above the sealing cost set under the Table-1 will be met by the concerned Eligible Entities.

22. Detailed Cost Estimate

22.1 The Detailed Cost Estimate of the intended projects under FIDF for the purpose of assessing their unit cost will be worked out by the concerned Eligible Entities based on the following aspects:

(a) The project cost estimate shall be formulated based on the approved Schedule of Rates of the concerned State Government/UT which are applicable in the intended project locality.

(b) In case, no approved Schedule of Rates are available for civil works under the intended project, the unit rates in respect of such items are arrived at after detailed rate analysis which will be endorsed by the local engineering Department of the concerned State/ UT Government.

(c) In case of plant and machineries, where approved schedule of rates are not available, the estimate for such activities shall be prepared based on the rates quoted by authorised suppliers (authorised dealers).

(d) A certificate to the effect that the project cost estimate has been formulated based on the prevailing Schedule of Rates, prevailing market rates and cost is reasonable shall be provided by the concerned Eligible Entities.

23. Credit Guarantee

23.1 FIDF provides credit guarantee facility to the projects of entrepreneurs, individual farmers and cooperatives to be approved under FIDF during the extended period of 3 years from FY 2023-24 to 2025-26 from the existing credit guarantee fund of Infrastructure Development Fund of Department of Animal Husbandry and Dairying.

23.2 Detailed guidelines for providing credit guarantee facility to the aforementioned fisheries projects under the Infrastructure Development Fund of the Department of Animal Husbandry and Dairying will be notified/issued separately by the Department of Fisheries in consultation with the Department of Animal Husbandry and Dairying.

Table 1: Component-wise unit cost of the investment activities for support under the Fisheries Infrastructure Development Fund (FIDF)

Sr. No.	Components	Unit	Unit Cost (Rs. in Lakhs)
i	ii	iii	iv
1	Establishment of Fishing Harbours	No.	15000.00
2	Establishment of Fish Landing Center	No.	1000.00
3	Construction of Ice plant (both Marine and Inland Fisheries Sectors)	No.	100.00
4	Construction of Cold storage (both Marine and Inland Fisheries Sectors)	No.	100.00
5	Fish Transport Facility (Marine & Inland Fisheries Sector)	No.	20.00
6	Integrated Cold Chain (Marine & Inland Sector)	No.	500.00
7	Development of Modern Fish Market	No.	100.00
8	Setting up of Brood Bank	No.	1000.00
9	Development of Hatchery	No.	50.00
10	Development of Aquaculture	Ha.	7.00
11	Modernization State Fish Seed Farm	No.	500.00
12	Establishment Of State Of Art Of Fisheries Training Center	No.	500.00
13	Fish Processing Unit		4674.00
14	Fish Feed Mills/Plant		
	(a) Feed mill of minimum 4 to 5 tonne per day capacity	No.	10.00
	(b) Feed mill/plant of minimum 10 tonne per day capacity	No.	650.00
15	Establishment of Cage culture in Reservoir	No.	3.00
16	Introduction of Deep Sea Fishing Vessel	No.	80.00
17	Establishment of Disease Diagnostic Laboratory	No.	150.00
18	Development of Mariculture		
	(a) Sea cage culture	No.	5.00
	(b) Hatchery	No	50.00
	(c) Nursery Area	Ha	6.00
	(d) Sea weed/Bivalve/Pearl cultures	With a total lump sum amount of Rs.4225.00 lakh	
19	Establishment of Aquatic Quarantine Facility.	No.	2500.00
20	Any other innovative project/activity designed to enhance fish production/productivity/value.	Lump Sum	

Credit Guarantee Scheme for loans sanctioned under Fisheries Infrastructure Development Fund

CHAPTER I

INTRODUCTION

Fisheries and Aquaculture Infrastructure Development Fund (FIDF) for fisheries sector launched in 2018 by Hon'ble Finance Minister has been further extended up to 2025-26, to encourage more investments in development of infrastructure for fisheries and aquaculture both from the public and private sector, promoting economic development and expansion of relevant sectors by incentivizing investments by (i) State Governments/Union Territories, State Owned Corporations/State Govt. Undertakings/ Govt. Sponsored / Supported Organizations, (ii) Fisheries Cooperative Federations (including FISHCOPFED etc.), (iii) Cooperatives, collective groups of fish farmers & fish produce groups etc. (iv) Panchayat Raj Institutions/Self Help Groups (SHGs)/ NGOs (v) SCs/STs/Marginal Farmers, Women & entrepreneurs, Self Help Groups, individual farmers and cooperatives of these etc. (vii) Private companies/entrepreneurs for eligible investment activities under FIDF. While extending FIDF, Government of India has, inter alia, approved providing credit guarantee facility under FIDF during the extended period of 3 years from FY 2023-24 to FY 2025-26 from the existing credit guarantee fund under Animal Husbandry Infrastructure Development Fund (AHIDF) of the Department of Animal Husbandry and Dairying (DAHD), Ministry of Fisheries, Animal Husbandry & Dairying. The details of the Scheme for providing credit guarantee facility for fisheries project under FIDF are given below:

1. Definitions

For the purposes of this Scheme –

I. **Scheme means** the 'Credit Guarantee Scheme for FIDF loans

II. **"Amount in Default"** means the principal and interest amount outstanding in the account(s) of the borrower in respect of the loan as on the date of the account becoming Non-Performing Asset (NPA) or the date of lodging claim application, whichever is lower. It shall not include penal interest, other charges and any other costs debited to the borrower's account.

III. **“Annual Guarantee Fee”** means the annual guarantee fee payable by the ELI at a specified rate under the Credit Guarantee Scheme.

IV. **“Credit Guarantee Fund for Animal Husbandry and Dairying”/ “Credit Guarantee Fund ”/” Fund”** means the “Credit Guarantee Fund for Animal Husbandry and Dairying” created for the purpose of extending guarantees to the eligible lending institution(s) against their lending to eligible borrowers under Animal Husbandry Infrastructure Development Fund (AHIDF). The fund will also be utilised for extending credit guarantee under Fisheries Infrastructure Development Fund. **“Credit Guarantee Fund Trust for Animal Husbandry and Dairying” (CGFTAHD)/ “Trust”** means the Trust which houses the Credit Guarantee Fund for Animal Husbandry and Dairying.

V. **“NABSanrakshan”/ “Trustee”** means NABSanrakshan Trustee Private Limited, a Company set up on November 13, 2020 by NABARD under the Companies Act 2013 to act as the Trustee and operate the various credit guarantee funds set up/ being set up/ to be set up by Government of India, State Governments or other public authority, etc. from time to time.

VI. **“Eligible Lending Institution”(ELI)/ “Nodal Loaning Entities” (NLEs)** means Scheduled Banks included in the second Schedule to the Reserve Bank of India Act, 1934, National Cooperative Development Corporation (NCDC) and National Bank for Agriculture and Rural Development (NABARD).

VII. **Eligible Borrower/ Eligible Entities** means Fisheries Cooperative Federations (including FISHCOPFED etc.) , Cooperatives, collective groups of fish farmers & fish produce groups etc. , Panchayat Raj Institutions/Self Help Groups (SHGs)/ NGOs , SCs/STs/Marginal Farmers, Women & entrepreneurs, Self Help Groups and cooperatives of these etc. , Private companies/entrepreneurs , Physically disabled, individual farmers and any other institution/entity to be decided by the Government from time to time.

VIII. **“Credit Facility”** means any loan extended by an ELI to an Eligible Borrower under FIDF;

IX. **“Guarantee Cover”** means maximum cover available per eligible borrower of the amount in default in respect of the credit facility extended by the lending institution;

X. **“Tenure of Guarantee Cover”** means the maximum period of Guarantee Cover from the Guarantee start date which shall run through the agreed tenure of the loan.

XI. **“Non-Performing Asset”** means an asset classified as non-performing based on the instructions and guidelines issued by the Reserve Bank of India from time to time.

XII. **“Year”** means Financial Year, beginning April 1 and ending March 31.

XIII. **“Lock-in-period”** means the period during which no invocation of guarantee can be made. A lock-in-period of 18 months has been stipulated from either the date of last disbursement of the loan to the borrower or the guarantee start date in respect of credit facility to the borrower, whichever is later.

XIV. “**Guidelines”** means Guidelines for Fisheries and Aquaculture Infrastructure Development Fund (FIDF) framed by Government of India and any amendments thereof from time to time.

XV. "**Guarantee start date”** means the date on which the first time annual guarantee fee is received by the Trust from the eligible lending institution.

CHAPTER II

MANAGEMENT

2. Corpus of CGFTAHD

A dedicated Fund with a committed corpus of Rs. 750 crore is being managed by NABSanrakshan Trustee Private Limited, a Trustee Company and a wholly owned subsidiary of NABARD.

3. Governance

The Credit Guarantee Fund is housed in the Trust. GoI is the settlor of this Trust. The Settlor has appointed NABSanrakshan as Trustee. Presently, the Trustee is managing one scheme i.e 'Credit Guarantee Scheme for Animal Husbandry and Dairying' under the Trust . One more scheme viz. 'Credit Guarantee Scheme for FIDF loans' shall be managed by the Trustee from the same Credit Guarantee Fund.

Governance Structure for this Scheme shall be in place as under:

i. Central Apex Committee (CAC)

The Composition shall be as per the FIDF guidelines finalised by Department of Fisheries, GoI.

Role/Functions

CAC will take decisions on approval/amending of FIDF guidelines, to approve annual action plans and fund drawal plans etc.

ii. Central Approval and Monitoring Committee (CAMC)

The Composition shall be as per the FIDF guidelines finalised by Department of Fisheries, GoI.

Role/Functions

- CAMC will consider the proposals placed before it by NIA and accord in-principle approval and recommend such proposals to NLEs'.
- review and monitor the projects approved under the FIDF. The monitoring meetings of CAMC shall be held on a quarterly basis to review the progress of the project taken up under the FIDF.
- carry out project-wise mid-term corrections, if any required due to technical administrative compulsions. The Mid-term corrections shall include, increase/decrease of the project scope, re-arrangement of the project

components, re-appropriation of funds from one item to other item within the overall approved project cost.

iii. **Investment and Claim Settlement Committee (I&CSC)**

I&CSC has been constituted by Project Sanctioning Committee of AHIDF for providing operational guidance for implementation of the Scheme, approving claims, overseeing the implementation and reporting to PSC/PAC for AHIDF loans and to Central Apex Committee (CAC) / Central Approval and Monitoring for FIDF loans.

Composition

The composition of the I&CSC will be:

- CGM NABARD (as nominated by Chairman, NABARD) - Chairperson
- Two Officials from the Ministry of Fisheries, Animal Husbandry & Dairying (one each from Department of Animal Husbandry & Dairying and Department of Fisheries)
- Domain Expert (as nominated by Chairman, NABARD) - Member
- Chief Executive Officer (CEO), Trustee Company, (NABSanrakshan Trustee Private Limited), Member Secretary

A member appointed as above in his/her ex-officio capacity shall remain as a member only as long as he/she holds that office and upon his/her vacating that office, his/her successor shall become a member without any further act or deed. The PSC, may, if required, change the constitution of the I&CSC by incorporating a new corporate entity or otherwise and till such time the existing members of the I&CSC will continue. The member of the Committee shall be resident of India. The office of the member shall be vacated if he permanently leaves India or if for reasons of illness of infirmity or mental incapacity, he in the opinion of the PSC, becomes incompetent or incapable to act as a Member. In case a casual vacancy arises due to reasons mentioned above, the PSC may co-opt a member. A co-opted member may retire at any time after giving seven days' notice in writing to the PSC and unless he is the Chairperson of the I&CSC, a copy of the notice shall also be sent to the Chairperson.

Role/Functions

- Approval of the operational guidelines for credit guarantee operations on rule based engine with respect to lending institutions registration, issuance of credit guarantee, claim, claim settlement and post claim settlement activities.
- Approval of investment policy of the Trust, and
- Approval of administrative policy of the Trust for day-to-day operations.

CHAPTER III

SCOPE AND EXTENT OF THE SCHEME

4. Eligible Borrower

Fisheries Cooperative Federations (including FISHCOPFED etc.) , Cooperatives, collective groups of fish farmers & fish produce groups etc. , Panchayat Raj Institutions/Self Help Groups (SHGs)/ NGOs , SCs/STs/Marginal Farmers, Women & entrepreneurs, Self Help Groups and cooperatives of these etc. , Private companies/entrepreneurs , Physically disabled and individual farmers

5. Eligible credit facility under the Scheme

Credit facilities satisfying the following criteria shall be eligible for coverage under the Scheme:

i. Loans cumulatively not exceeding Rs. 50 crore per eligible project under FIDF or limit as decided by CAC from time to time.

ii. CAMC should have accorded in principle approval to the project signifying approval for grant of interest subvention.

6. Non-Eligibility of Credit Facilities under the Scheme

The Guarantee Cover under the Scheme shall not be made available for credit facility:

i. in respect of which risks are additionally covered under any scheme operated/administered by Reserve Bank of India/or by the Government/or by any general insurer or any other person or association of persons carrying on the business of insurance, guarantee or indemnity.

ii. which does not conform to, or is in any way inconsistent with, the provisions of any law, or with any directives or instructions issued by the Central Government or the Reserve Bank of India, which is, for the time being, in force.

iii. which could be classified as Fraud on the basis of the provisions of law

iv. which is provided for any purpose which is not eligible for interest subvention under FIDF (such as acquisition of land and water bodies in any manner such as purchase, transfer, lease, accession/addition etc.

v. granted to a borrower, who has earlier defaulted under any credit guarantee/insurance/indemnity scheme.

vi. that is overdue for repayment/NPA taken over by ELI from any other lender or any other default converted into a credit facility.

vii. which is overdue for payment.

viii. which has been rescheduled or restructured on becoming overdue for repayment.

7. Credit Guarantee Cover and its period

i. The maximum credit guarantee cover under the Scheme will be limited to 25% of the credit facility with a maximum ceiling of Rs. 12.50 crore.

ii. The guarantee cover will commence from the guarantee start date and shall run through the agreed tenure of the loan.

iii. In case of default, eligible claim shall be 25% of the Amount in Default subject to maximum cover as specified above.

iv. Other charges such as penal interest, commitment charge, service charge, or any other levies/ expenses, or any costs whatsoever debited to the account of the borrower by the ELI other than the contracted interest shall not qualify for Credit Guarantee Cover.

v. The Cover shall only be granted after the ELI enters into an Agreement with the Trust/Trustee (on behalf of Trust) for availment of credit guarantee under the Scheme and shall be granted or delivered in accordance with the Terms and Conditions decided upon by the Trust, from time to time.

8. Procedure to avail Guarantee Cover

Once CAMC has accorded in principle approval to the project signifying approval for grant of interest subvention, the ELI shall be required to apply for Guarantee Cover to the Trust in the specified format for credit proposals sanctioned by them within 90 days from the date of sanction.

CHAPTER IV

GUARANTEE FEE STRUCTURE

9. Guarantee Fee

i. Annual Guarantee Fee (AGF) shall be charged @ 0.50% p.a. on the sanctioned amount of credit facility for the first year and on the outstanding amount of credit facility for the remaining tenure of the guarantee. Annual Guarantee Fee (from second year onwards) shall be calculated on outstanding amount as on 31st March of the previous financial year. However, if the loan is not fully disbursed, AGF shall continue to be charged on the Sanctioned amount, till full disbursement of the loan. It is clarified that the Annual Guarantee Fee is to be paid for the full year notwithstanding the date of final disbursement of loan. In no circumstances, there would a refund of such Annual Guarantee Fee paid.

ii. Annual Guarantee Fee (first time fee) shall be paid to the Trust by the ELI availing of the guarantee within 30 days from the date of issue of sanction letter for Credit Guarantee Cover (CGC) or such date as is specified by the Trust, failing which the Guarantee is liable to become void unless and until its continuance is specifically approved by the Trust.

iii. The acceptance of Annual Guarantee Fee (first time fee) would be subject to the ELI certifying that :

   a) Any dues of the Borrower to the ELI have not become overdue and/or is not an overdue/NPA credit facility taken over by the ELI and/or /is not a Credit Facility which has been rescheduled or restructured on becoming overdue.

   b) The business or activity of the borrower for which the Credit Facility was granted has not ceased.

   c) The credit facility has not been utilized, wholly or partly, for adjustment of any debt deemed as bad or doubtful of recovery.

iv. The Annual Guarantee Fee (subsequent to first time fee) at specified rate (as specified above) on pro-rata basis for the second and last year of guarantee and in full for the intervening years would be paid by ELI to the Trust by 31st May each year. It is clarified here that while levying the Annual Guarantee Fee (first time fee), the fee is collected for the full 365 days from the guarantee start date and for the second and subsequent years in respect of already issued guarantees, the fee is collected till the end of financial year, excepting for the terminal year of guarantee where the fee is collected for the proportionate period.

v. Annual Guarantee Fee with respect to NPA accounts would continue to be paid till lodgement of claim for such accounts. It is clarified that the Annual Guarantee Fee is to be paid for the full year notwithstanding the date of lodgement of claim. In no circumstances there would a refund of such Annual Guarantee Fee paid.

vi. The decision of passing on the incidence of Annual Guarantee Fee to the Borrower is left to the discretion of the Eligible lending institution.

vii. In the event of non-payment of Annual Guarantee Fee (subsequent to first time fee) by the due date, the Guarantee under the Scheme shall cease to be available to the lending institution unless the Trust agrees for continuance of Guarantee cover and the lending institution pays the Annual Guarantee Fee and penal interest thereon at 10% p.a or such other rate as may be specified by the Trust for the period of delay. The Guarantee shall stand restored on receipt of such payments and shall be deemed to have been in continuance without break.

viii. Provided further that in the event of non-payment of Annual Guarantee Fee within the stipulated time or such extended time as may be requested for by the lending institution and allowed on such terms that may be agreed to by the Trust, liability of the Trust to guarantee such credit facility shall lapse in respect of the credit facility against which the Annual Guarantee Fee is due and not paid.

ix. Provided further that the Trust may consider renewal of Guarantee Cover for such credit facility upon such terms and conditions as it may decide.

x. In the event of any error or discrepancy being found in the computation of the amount or in the calculation of the Annual Guarantee Fee, or any shortfall in payment by the lending institution, if subsequently identified, such deficiency/ shortfall shall be paid by the lending institution to the Trust. Any amount found to have been paid in excess by the lending institution to the Trust shall be refunded by the Trust. In the event of any representation made by the lending institution in this regard, the Trust shall take a decision based on the available information with it and the clarifications received from the lending institution, and its decision shall be final and binding on the lending institution.

xi. The guarantee fee once paid by the lending institution is non-refundable, except under certain circumstances like:

a) Excess remittance

b) Remittance made more than once against the same credit facility, and

c) Annual Guarantee Fee not due.

d) Guarantee fee paid in advance but application not approved for guarantee cover under the scheme, etc.

xii. There shall be no refund of proportionate AGF in case of pre-closure of account.

xiii. Trust reserves the right to introduce risk premium based differential rates (Guarantee Fee structure) under the Scheme at a later date.

10. Responsibilities of Lending Institutions under the Scheme

ELI shall:

i. appraise each loan proposal for selecting commercially viable projects and submit the Guarantee Application in the form and manner desired by the Trust.

ii. carry out processing, legal work and documentation for sanction of the loan in accordance with the requirements of the ELI and the terms and conditions of the Scheme.

iii. monitor the Borrower account and maintain records of periodical monitoring and actions initiated on observations, if any.

iv. undertake regular desk and /or field monitoring of the borrowing units.

v. safeguard the securities taken from the borrower in respect of the credit facility in good and enforceable condition.

vi. ensure that there shall not be any delay on its part to notify the Trust of the default in the Borrower's Account, as a result of which, the Trust shall face higher Guarantee Claims.

vii. ensure that the Guarantee Claim in respect of the credit facility to the Borrower is lodged, in the form and manner and within such time as may be specified by the Scheme.

viii. note that the payment of Guarantee Claim by the Trust to the lending institution does not in any way absolve the lending institution of the responsibility of recovering the entire outstanding amount of the credit from the borrower. The lending institution shall exercise all necessary precaution and take recourse to all measures to recover from the borrower the entire amount of credit facility that is owed to it by the borrower and safeguarding the interest of the Trust as it shall exercise in the normal course if no guarantee had been furnished by the Trust.

ix. be bound to comply with such directions as the Trust may deem fit to issue from time to time, for facilitating recoveries of the guaranteed account, or safeguarding its interest as a guarantor.

x. refrain from any act either before or subsequent to invocation of guarantee, which may adversely affect the interest of the Trust as the guarantor.

xi. be bound under the Scheme to intimate in advance to and obtain prior permission of the Trust, its intention to enter into any compromise or arrangement, which may have effect of discharge or waiver of security.

xii. secure for Trust or its appointed agency, through a stipulation in an Agreement with the Borrower or otherwise, the right to list the defaulted Borrowers' names and particulars on the Website of Trust or NABSanrakshan or Integrated Portal.

11. Monitoring by NABSanrakshan

NABSanrakshan shall be authorized to call for any reports of such monitoring by ELI, if it deems fit.

CHAPTER V

CLAIMS

12. Invocation of Guarantee

The ELI may invoke the guarantee in respect of credit facility within a maximum period of 36 months from the date of NPA or any extended period allowed by the Trust. The Guarantee could be invoked after the following conditions are satisfied:

i. The amount due and payable to the ELI in respect of the Credit Facility has not been paid by the Borrower and the loan account has been classified by ELI as NPA. Provided that the lending institution shall not make or be entitled to make any claim on the Trust in respect of the said credit facility, if the loss in respect of the said credit facility had occurred owing to actions /decisions taken contrary to or in contravention of the instructions issued by the Trust.

ii. The account should not have been classified as fraud/wilful defaulter by the ELI.

iii. The Guarantee in respect of the concerned Credit Facility is in force at the time of account turning NPA.

iv. Lock-in-period of 18 months has lapsed.

v. The claim is forwarded to the Trust through ELI's Controlling Office.

vi. The ELI shall exercise all necessary precaution and take recourse to all measures to recover the entire amount of credit facility from the borrower as per its Board approved policy before submitting the claim.

vii. Credit facility has been recalled and the recovery proceedings have been initiated under due process of law against the borrower (DRT, Civil Court, Lok Adalat, RRA, SARFAESI etc.)

13. Claim Settlement

i. The Trust reserves the right to reject any Claim where the Guidelines have not been strictly followed or if any misrepresentation or concealment of facts is found leading to undue favour to the concerned borrower.

ii. Claim. Settlement process shall be as under :

Claim Settlement Process

I Claim settlement shall be in two instalments/phases as under :

Sr.	Eligible claim*	1st instalment of claim	2nd instalment of claim
a.	Upto Rs. 3 crore	75%	25%
b.	Above Rs. 3 crore and upto Rs. 5 crore	60%	40%
c.	Above Rs. 5 crore	50%	50%

Requirements for Claim Settlement (1st instalment):

- Invocation of Guarantee as per criteria laid down under Clause 12.

Timelines for Claim Settlement (1st instalment):

Trust shall settle the claim within 90 days from the date of lodgement of 1st claim, subject to the claim found to be in order and complete in all respects.

Requirements for Claim Settlement (2nd instalment):

- Request for release of 2nd claim by ELI**.
- Audit of the case by CAG empanelled CA firm approved by I&CSC *(for eligible claim above Rs. 3 crore)* and
- Clearance of claim pay-out from I&CSC.

Timelines for Claim Settlement (2nd instalment):

Trust shall settle the second claim within 90 days from the date of lodgement of 2nd claim, subject to the claim found to be in order and complete in all respects.

II For accounts, which turn NPA within one year from the date of first disbursement or within one year of end of moratorium of principal, following claim settlement process shall be followed irrespective of the Eligible Claim amount.

Process:

Claim shall be settled in two instalments (1st instalment: 25% and 2nd instalment: 75%)

Requirements for Claim Settlement (1st instalment):

- Invocation of Guarantee as per criteria laid down under Clause 12.

Timelines for Claim Settlement (1st instalment):

Trust shall settle the claim within 90 days from the date of lodgement of claim, subject to the claim found to be in order and complete in all respects.

Requirements for Claim Settlement (2nd instalment): • Request for release of 2nd claim by ELI**. • Special Audit of the case by CAG empanelled CA firm approved by I&CSC and • Clearance of claim pay-out from I&CSC. **Timelines for Claim Settlement (2nd instalment):** Trust shall settle the second claim within 180 days from completion of Audit, subject to the claim found to be in order and complete in all respects.
* **Eligible Claim:** 25% of the Amount in Default subject to Maximum Guarantee cover
** **Request for release of 2nd claim by ELI:** This could be made on conclusion of recovery proceedings/after three years of obtention of decree of recovery, whichever is earlier. In cases where the legal action has been initiated under SARFAESI Act or Revenue Recovery Authority, the ELIs shall be allowed to lodge 2nd claim after the lapse of three years from date of action (possession date) under Section 13(4) of SARFAESI Act and the date of Recovery Certificate issued by the Tehsildar respectively subject to following confirmation from the ELIs: • Personal Guarantees have been invoked and no further recovery is possible. • No tangible secured assets have been left for disposal and no further recovery is possible • The entire recoveries made in the account have been duly indicated in the 2nd claim application.

i. Each claim settlement shall be subject to clearance from I&CSC. For operational convenience, wherever it is feasible (on first come first serve basis) release of first instalment of claim shall be made before clearance from I&CSC. However, the ELI shall be liable to refund the Claim released by the Trust if the claim settlement is subsequently revised/ rejected by I&CSC.

ii. The ELI shall continue to make efforts to realize the balance amount due from the defaulting borrower even after settlement of the Guarantee.

iii. Once the Claim is paid, the Trust shall be deemed to have been discharged from all its liabilities on account of the Guarantee in force in respect of the Credit Facility concerned.

14. Subrogation of Rights and Recoveries on Account of Claims Paid

i. Details of efforts for recovery, realization and such other information as may be demanded by the Trust from time to time shall be furnished to the Trust by the ELI.

ii. On its own behalf and on behalf of the Trust, the ELI shall hold lien on securities extended by the Borrower to the ELI for credit facility covered under the Scheme.

iii. The responsibility for the recovery of dues, including takeover of assets, sale of assets, etc., shall rest with the ELI.

iv. Payments made by a borrower towards any one or more of several distinct and separate debts owed to the ELI shall be deemed to have been appropriated by the ELI to the debt covered by the guarantee and in respect of which a claim has been preferred and paid, irrespective of the manner of appropriation indicated by such borrower or the manner in which such payments are actually appropriated by the ELI.

CHAPTER VI

MISCELLANEOUS

15. Appropriation of amount received from the lending institutions

The amount received from the lending institutions shall be appropriated in the order in which the Annual Guarantee Fee, penal interest and other charges have fallen due. If the Annual Guarantee Fee and the penal interest have fallen due on the same date, then the appropriation shall be made first towards Annual Guarantee Fee and then towards the penal interest and finally towards any other charges payable in respect of the eligible credit facility.

16. Residual Recovery /Appropriation of amount realized by the lending institution in respect of a credit facility after the guarantee has been invoked

In case of any recovery made by the ELI from the borrower subsequent to release of 1st claim by the Trust, proportionate share of Trust in such recoveries (after adjustment of the legal costs incurred by ELI for recovery of the amount) shall be passed on by ELI to the Trust. Such amounts shall be passed on to the Trust on half yearly basis (i.e. after March 31st and after September 30th) within 60 days of the end of the Half year in which the recoveries were made. If any amount due to the Trust remains unpaid beyond the said period, penal interest shall be payable to the Trust by the lending institution at the rate of 10% p.a. or any rate as specified by the Trust, from time to time, for the period of delay.

17. Refund of Claim

The ELI shall be liable to refund the Claim released by the Trust together with the penal interest at a rate of 10% p.a or as specified by the Trust, from time to time, for the period for which the Claim has been released, if recalled by the Trust in the event of:

i. serious deficiencies having existed in the matter of appraisal/follow up/conduct of credit facility or

ii. where the account is declared fraud/wilful defaulter or

iii. where lodgement of claim was more than once or

iv. where there existed suppression of any material information on part of lending Institution for settlement of claim or

v. where the claim settlement is subsequently revised/ rejected by I&CSC.

The lending Institution shall pay such penal interest, when demanded by the Trust, from the date of initial release of the claim by the Trust to the date of refund of the claim. Erroneous/duplicate payment of claim by the Trust shall not be construed as recall.

18. Termination of Trust's Liability in Certain Cases

i. The Guarantee in respect of the Credit Facility extended by an ELI to a Borrower under the Scheme shall be deemed to be terminated, if the liabilities of a borrower to the lending institution on account of any eligible Credit Facility guaranteed under this Scheme are transferred or assigned to any other borrower without the consent of the Trust which shall be sought by the ELI or the Borrower in writing stating the reasons for the transfer/ assignment and if the conditions as to the eligibility of the borrower and the amount of the facility and any other terms and conditions, if any, subject to which the credit facility can be guaranteed under the Scheme are not satisfied after the said transfer or assignment, from the date of the said transfer or assignment.

ii. The liability of the Trust in respect of any credit facilities granted to a borrower by an ELI under the Scheme shall be limited to the liability of the Borrower to the ELI as on the date on which the Borrower becomes ineligible for being granted any credit facilities under the Scheme, by reason of cessation of its activity , however, to the limits on the liability of the Trust fixed under this Scheme.

19. Returns and Inspections

i. The ELI shall submit such statements and furnish such information as the Trust may require in connection with any credit facility under this Scheme. The ELI shall also furnish to the Trust all such documents, receipts, certificates and other writings as the latter may require and shall be deemed to have affirmed that the contents of such documents, receipts, certificates and other writings are true, provided that no claim shall be rejected and no liability shall attach to the ELI or any officer thereof for anything done in good faith.

ii. The Trust shall, insofar as it may be necessary for the purposes of the Scheme, have the right to inspect or call for copies of the books of account and other records (including any book of instructions or manual or circulars covering general instructions regarding conduct of advances) of the ELI, and of any borrower from the ELI. Such inspection may be carried out either through the Trust or any other person /agency appointed by the Trust for the purpose of inspection. Every officer or other employee of the ELI or the borrower, who is in a position to do so, shall make available to the Trust or the person/agency appointed for the inspection as the case may be, the books of account and other records and information which are in his possession.

20. General

i. The terms & conditions of the Scheme shall be binding on the ELI.

ii. Any Guarantee given by the Trust shall be circumscribed by & governed by the provisions of the Scheme and terms and conditions laid down by the Trust as if the same had been written in the documents evidencing such Guarantee.

iii. An ELI that seeks and is granted Guarantee Cover for an eligible Credit Facility to a Borrower under the Scheme shall be deemed to have understood and accepted the Terms and Conditions of the Scheme and other Terms and Conditions of the Trust in this regard as being legally binding on itself.

iv. The ELI shall as far as possible, ensure that the conditions of any contract relating to an account guaranteed under the Scheme are not in conflict with the provisions of the Scheme.

v. Notwithstanding any provision in any other document or contract entered into by the ELI, the provisions / conditions of the Scheme shall override all such other provisions as if this conditionality had been written in the relevant document/contract and shall in relation to the Trust be, bound by the conditions imposed under the Scheme.

21. Modifications and Exemptions

i. The Trust reserves the right to modify, cancel or replace the Scheme in any manner whatsoever that it deems necessary, however so ensuring that the rights or obligations arising out of, or accruing under a guarantee issued under the scheme up to the date on which such modification, cancellation or replacement comes into effect, shall not be affected.

ii. Notwithstanding anything contained herein, the Trust shall have the right to alter the Terms and Conditions of the Scheme or otherwise in regard to an Account in respect of which Guarantee has not been invoked as on the date of such alteration.

iii. In the event of the Scheme being cancelled, no claim shall lie against the Trust in respect of facilities covered by the Scheme, unless the provisions contained in the Scheme are complied with by the ELI prior to the date on which the cancellation comes into force.

22. Interpretation

The decision of the Trust shall be final in regard to the interpretation of any of the provisions of the Scheme or of any directions or instructions or clarifications given in connection therewith.

23. Supplementary and General Provisions

In respect of any matter not specifically provided for in this Scheme, the Trust may make such supplementary or additional provisions or issue such instructions or clarifications as may be necessary for the purpose of the Scheme and the ELI shall comply with the same.

24. Arbitration

Disputes, if any, arising out of the Agreement shall be resolved through mutual consultation, failing which the Arbitration by a sole Arbitrator chosen by the concerned ELI and NABSANRAKSHAN in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and its up-to-date amendments shall be resorted to. The venue of the Arbitration shall be at Mumbai.

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