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RECOVERY OF LOAN

- a) The entire loan shall be repaid within a reasonable period but not exceeding 7 years including the moratorium period. The repayment shall be on half yearly / quarterly / monthly basis. For agriculture and horticulture projects repayment shall be on yearly basis. The repayment period will be worked out during appraisal and sanction of scheme on the basis of income potential of the proposed project.
- b) A suitable moratorium period depending on the merit and requirement of the project will be allowed.
- c) A rebate of 0.5% on interest is provided for timely payment of all instalment.
- d) A penal interest of 3% will be charged from channelising agency for default in timely repayment. The channelising agency will also charge penal interest of 3% from the beneficiary for default in repayment.

SECURITY

1. Block Government guarantee is required from concerned State Govt. for the sanction and disbursement of loan by NHFDC to State Channelising Agencies. In case of persistent default, the NHFDC will be at liberty to invoke the guarantees or deduct its instalments from the future projects of the concerned agency to be financed.
2. NHFDC may also accept Bank Guarantee or any other form of security acceptable to it for grant of loans.