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THE ORISSA STATE COOPERATIVE AGRICULTURAL AND RURAL
DEVELOPMENT BANK LTD, BHUBANESWAR.

L.No.Deb/7677(513) dt.13.3.2006.

To

All the Secretaries of CARD BANKS
in the State.

Sub:-

Prudential Norms of income- Recognition,
Assets classification and Provisioning-
Agricultural advances.

Ref:-

This office letter No.Deb-/325(56)dt
dt.9.4.2006.

Sir,

In continuation to this office letter on the
subject cited above, we are to advise that the norms for
Classification of assets and provisioning under N.P.A.
have since been revised by NABARD. A copy of the NABARD
Circular bearing No.NB.DOS.HO/POL/3905/J-1/2005-06
No.19 DOS4/2006 dated 14.1.2006 which contains the revised
norms for asset classification and provisioning as applicable
to the L.T. Cooperative Credit Sector is enclosed herewith
for your information and guidance.

The revised norms will be effective from 31.3.2005.

Yours faithfully,

Sd/-

Managing Director.

Memo No. 7678 /dt.13.3.06

Copy with the enclosures forwarded for informa-
tion and necessary action to:-

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4.A.G.C.S., Orissa, Bhubaneswar.

Sd/-

Managing Director.

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NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
DEPARTMENT OF SUPERVISION FOURTH FLOOR 'A' AND 'B' WING.

Ref:-No.NB.DoS HO POL/3905/J-I/2005-06 Cir No.19 DoS 4/06
14 January 2006
24 pausa 1927(Saka) CONFIDENTIAL.

The Managing Director
All State Cooperative Agricultural and
Rural Development Banks.

Dear Sir,

Prudential Norms for Income Recognition, Assets Classification and provisioning-Agricultural advances. Please refer to our Circular No.NB.DoS.HYD.Po 1/4600/J-1/2004-05 (Circular No.37/Dos-3 2005) dated 7 March 2005 advising the revision in prudential norms for Income Recognition, Assets Classification and provisioning to be adopted by the State/Primary Cooperative Agriculture and Rural Development Banks with effect from 31 March 2005.

In terms of norm 5, in para 1 of the Circular, delinquency norms of 90 days were made applicable, in case of classification of term loans for activities allied to agriculture and non-farm sector whereas norm of two harvest seasons, which is applicable to agricultural crop loans, are applicable to all direct agricultural advances. To have a clear-cut bifurcation between agriculture loans and allied activities loans a list of activities covered under direct agricultural advances is given in Annexure. It is advised that in respect of agricultural loans other than those specified in the Annexure, identification of NPA would be done on the same basis as non-agricultural loans which, at present, has the 90 days delinquency norm. All other instructions contained in our circular dated 7 March 2005, referred to above in para (1) remain unchanged.

All State Cooperative Agriculture and Rural Development Banks are advised to place this circular before their Board of Directors* and the contents of this circular may also be brought to the notice of all primary Cooperative Agriculture and Rural Development Banks under jurisdiction of your bank.

3. A copy of this letter is being sent to the Secretary(Cooperation), the Registrar of Cooperative Societies and the Chief Cooperative Auditor of your State/ Union Territory for information with a request to advise the Statutory/Departmental Auditors of SCARDBs to ensure compliance of the guidelines, at the time of annual audit.
4. Please acknowledge receipt to our Regional Office.

Yours faithfully,

Sd/-
General Manager

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A N N E X U R E .

A. Direct Finance to Farmers for Agricultural Purposes:

a) Short-term loans for raising crops i.e. for crop loans, In addition, advances upto Rs. 1 lakh to farmers against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 6 months, where the farmers were given crop loans for raising the produce, provided the borrowers draw credit from one bank.

2. Medium and long-term loans (Provided directly to farmers for financing production and development needs).

i) purchase of agricultural implement and machinery.

a) Purchase of agricultural implements - Iron ploughs, harrows, hose land-levellers, bundformers, hand tools, sprayers, dusters, hy-press, sugarcane crushers, threshing machines, etc.

b) Purchase of farm machinery - Tractors, trailers, power tillers, tractor accessories viz disc ploughs etc.

c) Purchase of trucks, mini-trucks, jeeps, pick-up vans, bullock carts and other transport equipment, etc to assist the transport of agricultural inputs and farm products.

d) Transport of agricultural inputs and farm products.

e) Purchase of plough animal.

ii) Development of irrigation potential through-

a) Construction of shallow and deep tube wells, tanks, higher etc and purchase of drilling units.

b) Constructing, deepening of wells, purchase of ~~oil~~ oil engines and installation of electric motor and pump.

c) Purchase and installation of turbine pumps, construction of field channels (Open as well as underground) etc.

d) Construction of lift irrigation project.

e) Installation of sprinkler irrigation system.

f) Purchase of generator sets for energisation of pumpsets used for agricultural purposes.

iii. Reclamation and Land Development Schemes;

Bunding of farm lands levelling of land, terracing, conversion of dry paddy lands into wet irrigable paddy lands, wasteland development of farm drainage, reclamation of ~~oil~~ soil lands and prevention of salinisation, reclamation of ravine lands, purchases of bulldozers, etc.

iv. Construction of farm buildings and structures etc.

Bullock sheds, implement sheds, tractor and truck sheds, farm stores, et c.

v) Construction and running of storage facilities:

Construction and running of warehouses, godowns, silos and loans granted to farmer for establishing cold storages used for storing own produce.

vi) Production and processing of hybrid seeds for crops.

vii) Payment of irrigation charges etc.

Charges for hired water from wells and tube wells, canal water charges, maintenance and upkeep of oil engine and electric motors, payment of labour charges, electricity charges, marketing charges, service charges to Customs Service Units, payment of development cess etc.

3. Other types of direct finance to farmers.

a) Short-term loans.

1. To traditional / non-traditional plantation and horticulture.

b) Medium and long term loans.

1. Development loans to all plantations, horticulture forestry and wasteland.

DIRECTORATE OF CO-OPERATIVE AUDIT: ORISSA: BHUBANESWAR.

Memo No. 5079(16)/Dated:- 13.7.2006
VI(1)4/97 Audit-8.

Copy forwarded to all Asst. Auditor General of C.S of Circles for information and necessary action in continuation to this office circular No. 4807 dt. 1.7.2006. This should be circulated amongst the auditors of your Circle for their information and guidance for conducting audit of CARD Banks.

[Signature]
13/7/06
For Deputy Auditor General of CS
Orissa.

Memo No. 5080 /Dated:- 13.7.2006

Copy forwarded to concurrent auditors of OSCARD Bank for information and guidance.

[Signature]
13/7/06
For Deputy Auditor General of CS
Orissa.

Copy to Audit-I Seat./15 S.C.

Dash. 12.7.2006.