

**(Agreements executed between NBCFDC and RRBs)**

**AGREEMENT**

THIS AGREEMENT made on this \_\_\_ day of \_\_\_\_\_, 2015 at New Delhi

BETWEEN

\_\_\_\_\_, a Regional Rural Bank established under Regional Rural Bank Act, 1976 carrying on banking business having its Head Office at \_\_\_\_\_ and branches in the districts of \_\_\_\_\_ State (hereinafter referred to as the "Bank" which expression shall unless repugnant to the context means and include its predecessors and successors in interest and assigns) of the One Part

AND

National Backward Classes Finance and Development Corporation (NBCFDC), a Public Sector Undertaking under the Ministry of Social Justice & Empowerment, Government of India, incorporated under Section 25 of the Companies Act, 1956 (Now, U/S 8 of the Companies Act, 2013) and having its registered Office at 5<sup>th</sup> Floor, NCUI Building, 3 Siri Institutional Area, August Kranti Marg, New Delhi-110016 (hereinafter referred to as the "NBCFDC" which expression shall unless repugnant to the context means and include its predecessors, successors and assigns) of the Other Part.

**WHEREAS:**

- (1) NBCFDC has been set up for the economic empowerment of persons belonging to Backward Classes living below Double the Poverty Line (DPL) limit as decided by Government of India from time to time by way of providing loans, advances and other facilities for their income generating programmes and schemes which are for their economic benefits and employment.
- (2) NBCFDC has been providing loans, advances and other facilities to the persons belonging to Backward Classes living below Double the Poverty Line (DPL) limit through various Government owned Institutions/bodies which are acting as Channelising Agencies of NBCFDC on the terms & conditions and covenants contained in the Loan Agreement entered into between NBCFDC and concerned Channelising Agency.
- (3) Since NBCFDC is to provide financial assistance for the economic empowerment of persons belonging to Backward Classes living below Double the Poverty Line (DPL) limit, the Bank by virtue of its existing operations can effectively act as a Channelising Agency for NBCFDC for routing its financial assistance to the persons belonging to Backward

Classes living below Double the Poverty Line (DPL) limit in the jurisdiction as notified by the Bank from time to time and thus a synergy is formed between the parties for better effectiveness of the activities to be conducted by the Bank and NBCFDC i.e. for the purpose of providing said assistance by NBCFDC through the Bank.

- (4) Bank with the aforesaid object in view agreed in offering its services to act as Channelising Agency of NBCFDC in its area of operation for providing financial assistance under NBCFDC Schemes to the "persons belonging to Backward Classes living below Double the Poverty Line (DPL) limit" (hereinafter referred to as "Target Group").
- (5) NBCFDC, with the object of providing financial assistance to the target group has agreed to appoint Bank as a Channelising Agency for providing financial assistance to the Target Group for the purpose of enabling the aforesaid group for undertaking income generating viable economic project/scheme set up/ to be set up and other activities having entrepreneurial capability to run the activities on the terms, conditions and covenants herein contained.

**NOW, IT IS AGREED BY AND BETWEEN THE PARTIES:**

1. That the schemes/projects for which the financial assistance to be provided by the Bank to the Target Group shall be appraised by the Bank, with a view to ensure that the project/scheme is viable and capable of implementation by the eligible persons of Target Group and are actually to be benefited there from. The project(s)/scheme(s) may be appraised by the NBCFDC, if needed be or requested for by the Bank.
2. That NBCFDC may use both the modes, i.e. Refinancing and Project-based financing for channelizing funds to Banks as per details given below:
  - a) Under re-financing mode for channelising funds, the Bank shall send the project/scheme-wise details of those beneficiaries financed by the Bank in the prescribed format that fulfil the eligibility criteria for lending under the NBCFDC schemes. NBCFDC shall appraise the proposals as per its lending policy revised from time to time. NBCFDC may disburse the funds to the Bank for the sanctioned proposals.
  - b) Under project-based financing, the Bank shall send the details of project(s)/scheme(s) to be sanctioned to the target group under NBCFDC schemes for seeking finance from NBCFDC. NBCFDC shall appraise the proposals as per its lending policy revised from time to time. NBCFDC may disburse the funds to the Bank for the sanctioned proposals. Bank shall disburse funds to the target group after receiving the amount from NBCFDC.

3. That the Bank shall also consider projects/schemes eligible for Subsidy Linked Loans.
4. That the NBCFDC shall communicate the sanction containing the terms and conditions by way of a Letter of Intent. After the terms and conditions of sanction are accepted by Bank, this shall be deemed to be a sanction of the financial assistance under this Agreement and all the terms, conditions and covenants contained herein shall be applicable to the amount sanctioned under the said Letter of Intent.
5. That the Bank as Channelizing Agency of NBCFDC shall not sanction to a Target Group an assistance of more than the maximum amount that can be granted by NBCFDC to Target Group under the lending norms of NBCFDC laid down by NBCFDC and intimated to the Bank from time to time.
6. That interest rates for such loans to the ultimate beneficiaries shall be as per the NBCFDC Lending Policy. NBCFDC shall charge from Bank rate of interest so contained in each Letter of Intent. NBCFDC shall charge from Bank such applicable rate of interest as fixed by it from time to time. NBCFDC shall allow a spread, as fixed by it in the rate of interest, to be added by the Bank in the rate of interest charged by NBCFDC which shall be effective rate of interest, to be charged by Bank from the Target Group to be assisted
7. That the NBCFDC agrees that if in a case, part of the financial assistance is given out of the funds of the Bank then the Bank may charge a different/higher rate of interest for its portion of assistance.
8. That the financial assistance extended by NBCFDC to the Bank for augmenting the purpose intended herein shall be repaid in accordance with the schedule of repayment contained in the said Letter of Intent issued by NBCFDC to the Bank. The schedule of repayment as contained in the Scheme/Letter of Intent may be varied by mutual consent of NBCFDC and Bank.
9. That the date of TT/RTGS shall be treated as the date of disbursement by NBCFDC towards financial assistance and vice versa in case of repayment by Bank to NBCFDC.
10. That all repayments to NBCFDC shall be made by Bank through TT/RTGS and drawn in favour of National Backward Classes Finance and Development Corporation payable at Delhi. The repayment may also be sent through Bank Draft(s)/Multi-city Cheque(s) by registered post or delivered in person to NBCFDC at its Registered Office at Delhi.
11. That the Bank may take such security from the Target Group for the financial assistance granted to it as it may think proper in its own name and in the event of default on the part

of the Target Group realize the said security by taking such legal or other course of action as it may deem fit.

12. That notwithstanding the fact that Bank does not realize the overdue amount of assistance and/or interest from the Target Group or realize the security obtained by it from them, the Bank shall repay to NBCFDC the installments of principal and interest on the financial assistance in accordance with the schedule(s) fixed by NBCFDC in the Letter of Intent and accepted by the Bank, as if Bank were the principal debtor to NBCFDC for the financial assistance.
13. That while NBCFDC shall send quarterly/half yearly demand notice to Bank to facilitate prompt repayment of the amount of assistance in the manner aforesaid and/or interest, it shall be the responsibility of Bank to ensure repayment of the amount of assistance in the manner aforesaid and payment of interest due by the due dates. Non-receipt of a demand notice from NBCFDC shall not be a reason for non-payment of the amount of assistance and interest thereon in the manner aforesaid by the due date.
14. **Bank hereby further agrees:**
  - a) That it shall not allow any operation inconsistent with the rules and regulations of Lending Norms of NBCFDC for grant of the said financial assistance or which is likely to jeopardize the said financial assistance. AND, non-recovery or in-ability to recover or any such other reason shall not be a reason or cite likewise reasons for not returning of the due in scheduled time. That Bank shall be solely liable for payment or non-payment of the financed/refinanced amount advanced to the Bank by NBCFDC.
  - b) That it shall carry out need based inspection of the schemes/projects of the Target Group and submit the reports of such inspections to NBCFDC as and when requested by NBCFDC.
  - c) That it shall furnish to NBCFDC all such information as NBCFDC may require from time to time regarding financial assistance extended to Target Group under NBCFDC Schemes. The Bank shall provide with the accounts at the end of each Financial Year in respect to the disbursed amount and this shall be provided by the authorized person not below the rank of Chief Manager.
  - d) That it shall keep and maintain separate accounts relating to the projects/schemes undertaken and funded with the financial assistance of NBCFDC. NBCFDC shall have a right to inspect and verify the said accounts.
15. That the Bank as Channelising Agency shall ensure that the Target Group(s) are well within the eligibility criteria as laid down by NBCFDC.

**16 Utilisation of Funds**

- (a) That the Bank shall utilize financial assistance as per NBCFDC Lending Policy as amended from time to time.
- (b) That the Bank shall send scheme-wise Quarterly Progress Report (QPR) on the utilization of the NBCFDC funds as per the prescribed format. The QPR must reach NBCFDC within 10 days from the close of each quarter failing which the same shall be treated as default by the Bank. NBCFDC funds actually disbursed by the Bank to the beneficiaries or advanced to the suppliers towards procurement of assets under the approved schemes shall only be considered as funds utilized.

**17. Right to recall the loan:**

That if at any time, in the opinion of NBCFDC, Bank has failed to observe or fulfill any of the terms and conditions enumerated in this Agreement or on the occurrence of any event or circumstances which, in the opinion of NBCFDC would or is likely to prejudicially or adversely affect in any manner the capacity of Bank to repay the amount of the said assistance and interest thereon, in the manner aforesaid notwithstanding any provisions contained herein in connection with the time/period of the repayment of the amount of the said assistance and interest, Bank shall be liable to repay to NBCFDC in one lump-sum the outstanding principal of the said assistance and interest thereon and NBCFDC shall be entitled to recall the entire outstanding amount of principal and interest from Bank.

- 18. That the Bank agrees that notwithstanding anything contained in this Agreement, NBCFDC shall have the right by notice in writing to require Bank forthwith to discharge in full or in part its liabilities to NBCFDC in respect of any of the said financial assistance provided by the NBCFDC whether due or not upon the happening of any of the following events viz;
  - a) The Bank has committed any default in making any payment or repayment in accordance with this Agreement or any other agreement between Bank and NBCFDC.
  - b) The Bank has committed any breach or default in the performance or observance of this Agreement and/or Bank's application and/or the provisions of financing schemes of NBCFDC and or any instructions issued by the NBCFDC from time to time.
  - c) The Bank's application or any enclosure thereto contained any false or untrue statement or information or the same turned out to be wrong or untrue as a result of supervening circumstances or even otherwise. On this question whether any of the above events has happened, the decision of the NBCFDC shall be final, conclusive and binding on the Bank.

- d) If there is reasonable apprehension that Bank is unable to repay its debts, proceedings for taking it into liquidation may be commenced in respect thereof.
- e) The Bank shall be liable to pay NBCFDC all costs, legal charges and other expenses, whatsoever NBCFDC may incur in the realization of the amount of the said assistance from Bank.
19. That the Bank shall, notwithstanding any enquiry made by or information furnished to the NBCFDC in respect of the creditworthiness of its constituents, remain always liable as a principal debtor to the NBCFDC for the due repayment of any financial assistance granted by the NBCFDC in respect of the said financial assistance. Bank agrees that in case it fails to repay on the due date(s), the installment of principal and/or interest (without rebate) shall be compounded as per schedule of payment/repayment.
20. That any advertisement related to the scheme(s)/project(s) with the financial assistance from NBCFDC shall cover the name of NBCFDC to the effect that scheme(s)/project(s) is/are financed by NBCFDC.
21. That for effective monitoring, the Bank shall constitute a Committee of Officers including an Officer from NBCFDC for periodical review of implementation of NBCFDC schemes. The Bank shall assist the NBCFDC in implementation of e-governance of NBCFDC schemes.
22. That this Agreement shall become binding on Bank and the NBCFDC on and from the date of signing of this Agreement and it shall be in force till all the amounts due and payable under this Agreement are fully paid off by the Bank to NBCFDC.
23. That the instruction/circulars issued by the NBCFDC from time to time and the letter of sanction of various scheme(s)/project(s) sanctioned/to be sanctioned shall be deemed to form integral part of this Agreement.
24. That all disputes or differences arising out of and/or in relation to the provisions of this Agreement between the parties hereto shall be referred to the Arbitration to the Sole Arbitrator in the Department of Public Enterprises to be nominated by the Secretary to the Government of India in charge of the Department of Public Enterprises. Further, if PMA is unable to facilitate within a reasonable time then all disputes or differences arising out of and/or in relation to the provisions of this Agreement between the parties hereto shall be referred to the Arbitration in accordance with the provisions of Arbitration and Conciliation Act 1996 and the parties hereto agree that the sole Arbitrator shall be appointed by the Chairman-cum-Managing Director of NBCFDC for adjudication and the decision/award of such Arbitrator shall be binding on both the parties hereto. The venue and place of Arbitration shall be New Delhi. The language for arbitration shall be English.

25. That the New Delhi Courts shall have the sole and exclusive jurisdiction to decide the issue of any dispute between the parties hereto.

**IN WITNESS WHEREOF** BANK and NBCFDC have executed these presents in two copies, on the day and year first above written. Each party shall retain one copy of this Agreement.

SIGNED AND DELIVERED by the within

Named (\_\_\_\_\_)

by the hand of Shri/Smt. \_\_\_\_\_

An authorized Officer of Bank in the presence of:

1.

2.

SIGNED AND DELIVERED by the within

Named (NATIONAL BACKWARD CLASSES

FINANCE AND DEVELOPMENT

CORPORATION) by the hand of

Shri \_\_\_\_\_ NBCFDC

An authorized Officer of NBCFDC in the presence of:

1.

2.