

**GOVERNMENT OF INDIA  
FINANCE AND COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:774  
ANSWERED ON:22.11.2002  
MOU BETWEEN NABARD AND UNION BANK OF INDIA  
A. VENKATESH NAIK;RAMSHETH THAKUR

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

- (a) whether Union Bank of India and NABARD have signed an MoU to jointly finance, agriculture and rural projects; and  
(b) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) Yes, Sir. Union Bank of India and National Bank for Agriculture and Rural Development (NABARD) have signed a Memorandum of Understanding (MoU) to jointly finance agriculture and rural projects. The salient features of the agreement are as under

\$ The arrangement of co-financing shall be extended to projects relating to agriculture, agro-processing and high-tech agricultural and rural development projects;

\$ The parties shall identify viable projects for financing jointly for the above;

\$ Loan proposals both for working capital and term loan assistance can be assisted under the arrangement;

\$ The quantum of financial assistance, margin requirement, security and other aspects and share of each of the party will be decided by mutual discussion;

\$ After sanction of the project, all necessary actions relating to dealing with the borrowers shall be taken by the bank. NABARD shall pay service charges to the bank as may be mutually agreed between the parties;

\$ Loan documentation shall be done at the concerned branch office of the bank for the entire loan assistance. Bank shall furnish to NABARD a copy of the loan documents duly certified; Loan assistance extended shall be disbursed to the borrowers through the concerned branch of the bank. However, NABARD shall also be entitled to visit the site for inspection and oversee the monitoring of the project, utilization of the funds and progress of the projects; The bank shall ensure timely recovery of loans and keep NABARD informed in this regard; Bank shall immediately remit to NABARD proportionate amounts out of the amount recovered from the borrowers; NABARD shall be entitled to pari-passu charge on all the securities obtained by the bank for securing the loan extended; All the securities held, or to be held by the bank for loan assistance shall be held by the bank for itself as also as an agent of NABARD; The arrangement will be implemented through mutual consultation.