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The H.P. State Co-op. Agriculture & Rural Dev. Bank Ltd;

H.O. : KASUMPTI, SHIMLA - 171009

SARDB/Rec./2026

Head Office
Dated:27.07.2026

Order

Sub:- Implementation of OTS Scheme -2026 for old Loan A/cs advanced upto 31.03.2016.

As per the decision of the Board of Directors of the Bank in its meeting held on 25.06.2026 vide resolution No. 12 and subsequent approval accorded by the Registrar, Cooperative Societies HP, vide letter 5-57/2006-Coop. (C&M)-I dated 20th July, 2026, the Bank is pleased to introduce OTS scheme- 2026 for old loan A/cs advanced up to 31.03.2016 and still lying outstanding with immediate effect:-

The main features of the OTS Scheme are briefly explained as under:-

a) This OTS scheme shall be applicable to all such NPA accounts/default (Except farm loans up to Rs. 3.00 lacs) which have been advanced partially or fully up to 31.03.2016 and are still lying outstanding.

b) The scheme also cover all those loan accounts pending before any court of law or where the bank has initiated proceedings u/s 138 of NI Act, except LP cases.

c) Under this OTS scheme, the regular interest @ 25% of total outstanding interest in the loan account of the borrower shall be waived off. Besides this the entire IOI (Interest on Interest) and other legal charges shall also waived off fully.

d) The scheme shall be valid up to 31.12.2026.

e) Under this scheme the Bank shall obtain written consent from the eligible borrowers along with 25% token amount of total overdue amount till date on or before 30.09.2026. The remaining amount along with up to date interest shall be deposited on or before 31.12.2026.

f) Only those accounts shall be covered under the scheme ibid where the borrowers shall give their consent and deposit 25% token amount failing which the sale proceedings shall be started against them. It shall be the sole responsibility of the Branch Manager to apprise about this scheme to all the eligible borrowers which are covered under this scheme within a week period and a copy of acknowledgement letter be kept in the loan file of the concerned loanee for office record.

g) The loan availed of/guaranteed by Directors/employees of the respective cooperative institution will not be covered under the ibid scheme as per Clause 5 (i) (e) of the guidelines issued by the NABARD dated 26.04.2001.

Apart from it, the proper accounting of the settlement of account shall be ensured by the Branch Manager. The consolidated amount of waiver/benefits (i.e. 25% of regular intt+IOI+other charges, where applicable) shall be debited to expenditure under Sub-head OTS benefit. The Bank shall keep the legal proceeding in abeyance only in all such cases where the written consent of the borrower along with token amount before 30.09.2026 is obtained to settle their accounts under ibid OTS Scheme.

The BMs are directed to ensure the settlement of all eligible accounts of their branch under the said scheme till its validity. They are also directed to make wide publicity of the scheme and to ensure service of notice in this regard to the eligible borrowers and obtain their consent as per **Form-A** enclosed with the Scheme **within 15 days of these orders** and take their signature as acknowledgement and keep its record in the concerned file of the individual loanee as mentioned supra as the loanee oftenly complaint that they have not received any such letter from the branch official.

The BM shall work out and approve the benefits admissible under the scheme on Appraisal-cum -approval **Form-B** attached with the scheme. This is also an opportunity available with the Bank too to settle its old NPAs accounts where the period has already been expired. It will not only reduce the NPAS of the Bank substantially but will also pave the way towards profitability of the Bank at the end of current FY.

The BMs are further directed **to go through the scheme carefully and implement the same in letter & spirit** and monthly progress report in this regard be sent to HQ on **Annexure-C** attached with the scheme. A Copy of the said OTS Scheme-2026 is enclosed herewith.

Sd

(Dr. Harish Gajju), HAs
Managing Director

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One Time Settlement Scheme-2026 for Old Loan Accounts

Background:- The Bank has mandate to provide long and medium terms loans to its members in the State of Himachal Pradesh. The loans are being provided against the collateral security of land for various purposes as approved by the Board of Directors. The main resource of funding of the Bank is refinance from NABARD on the strength of the financial guarantee of the State Government. The major target group of the Bank is farmers, Horticulturist and Rural artisans of the State and about 95% of its loan portfolio is held by them. It is also a fact that in the absence of regular source of income, coupled with various natural calamities, the borrowers of the Bank commit default in depositing their loan installments within stipulated period of time, as a result, their loan accounts become NPAs.

The Bank had earlier introduced OTS Scheme-2025 for old borrowers/loan account advanced on or before 31.03.2015 in December, 2025. Under this scheme, the benefit of regular interest waiver @ 25% of total outstanding interest at the time of settlement was admissible along with full waiver of penal interest & legal charges etc. The scheme was operational up to 31.03.2026. During the validity of this scheme, tentatively as many as 58 eligible NPAs accounts were settled/closed and an amount of Rs. 380.40 lacs was recovered, out of which Principal amount was Rs. 168.01 lacs & the interest component was to the tune of Rs. 212.39 lacs only.

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It is also a matter of fact that the Himachal Pradesh has witnessed heavy rains, cloudbursts, and flash floods recently, causing widespread devastation during the monsoon last year. Due to incessant heavy rains, flash floods, the farmers have suffered huge losses as roads were blocked and bridges were washed away. They could not transport and market their cash crops like apples and vegetables on time, leading to distress sales, wastage, and severe economic.

During the monthly review meeting (VC) with the Branch Managers, the feedback was received that many account holders are willing to settle their loan accounts under OTS Scheme-2025, as they were not in position to settle their accounts under OTS Scheme-2025 in the past

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due to the prolonged dry spell and absence of a cash crop season. Therefore, thay have requested that the OTS Scheme-2025 for old loan accounts may be reintroduced up to June, 2026.

The farm sector loans up to Rs. 3.00 lacs had been excluded from this scheme for the reason that a State Govt. is also introducing Agriculture Loan Interest Subvention Scheme for all such direct agricultural (Farm) loans extended to the farmers/agriculturists up to Rs. 3,00,000/- (Rs. Three Lacs Only) lying outstanding wherein 50% interest subvention will be provided by the State Govt.

It is pertinent to mention here that the Bank has repayed the loans of the loan accounts advanced up to 31.03.2016 to NABARD and also made 100% provision of overdue interest and NPA provisioning as per the IRAC norms.

In view of the above, the Bank is reintroducing the OTS Scheme for old loan accounts advanced on or before 31.03.2016.

Rationale/justification:-

The scheme is applicable for all loan accounts (except Agri. loans up to Rs. 3.00 lacs) which have been advanced partially/fully on or before 31.03.2016 and categorized as NPAs/default. Moreover, the period of loan in all such cases have been expired & there are litigations involved for recovery in many cases which is sheer wasting of time, money and manpower. There are approximately 361 such accounts in the Bank as on 31.03.2026 in which total overdue interest involved is Rs. 22.17 Cr. approximately & Principal Amount is to the tune of Rs. 14.38 Crores. By giving benefits of regular interest waiver of @ 25% as provided in the scheme which comes to Rs. 5.54 Crores in all these accounts, *the Bank is likely to earn profit of Rs. 23.82 Crores by way of reducing its ODI provision of Rs. 16.63 crores & Principal provision @50% of 14.38 Crores i.e. Rs. 7.19 crores.* It will not only strengthen the financial position of the Bank but would also ensure liquidity in the system apart from cleansing its balance sheet.

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Applicability of the Scheme:-

i) This scheme shall be applicable to all such NPA accounts/default (Except farm loans upto Rs. 3.00 lacs) which have been advanced partially or fully upto 31.03.2016 and are still lying outstanding.

ii) The scheme shall also be applicable to all those accounts pending before any court of law or where the bank has initiated proceedings u/s 138 of NI Act, except LP cases subject to the condition that those accounts should have been advanced within the cut of date as mentioned supra.

Salient feature of the Scheme:-

i) This Scheme shall be known as **OTS Scheme-2026 for old loan accounts advanced up to 31.03.2016.**

ii) Under this OTS Scheme, regular interest lying outstanding in the loan account of the borrower shall be waived of @ 25% of the total interest o/s at the time of settlement.

iii) Entire IoI and other legal charges shall also be waived of levied on such accounts where applicable.

i) The benefits of the OTS shall be given only **if the eligible borrower shall deposit 25% amount of total overdue amount on or before 30th September, 2026 along with the written consent to deposit the entire amount on or before 31.12.2026 (last date of validity of OTS) Scheme.**

ii) The proper accounting of the settlement of accounts shall be ensured by the Branch Manager. The consolidated amount of waiver/benefits (i.e. outstanding of 25% of regular intt + IoI+other charges, where applicable) shall be debited to expenditure under Sub-head OTS benefit.

iii) The Bank shall keep the legal proceedings in abeyance only in those cases where the written consent of the borrower is obtained on or before 30.09.2026 along with 25% amount of latest recoverable loan amount.

iv) The audit of the accounts settled under the scheme and benefit passed thereon shall be audited by the internal auditors of the Bank meticulously.

Validity of the OTS Scheme:-

The scheme shall be valid from its notification by the Bank and shall remain operational till 31.12.2026. The Bank branches will obtain consent from the eligible borrowers on or before 30.09.2026 along with 25% amount of total overdue amount loan amount. The sale proceedings shall be initiated where the borrower fails to give written consent and does not deposit 25% amount of total overdue amount. It shall be the sole responsibility of the Branch Manager to apprise about this scheme to all the eligible borrowers which shall be covered under this scheme and a copy of letter of consent be kept in the loan file of the concerned loanee.

Authority to sanction the OTS benefits:-

The Branch Manager shall be competent to sanction/approve the benefits under the OTS scheme strictly as provided in the scheme on the recommendation of Assistant Manager/Recovery Supervisor. However, in the absence of both, the BM shall be competent to pass on the OTS benefits at his level after careful appraisal.

Reporting:-

The reporting of the cases settled under the OTS scheme-2026 for old loan Accounts shall be sent to HQ on monthly basis on the Ex-cel format.

(Dr. Harish Gajju) HAS
Managing Director

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