

**Procedures for providing interest-free loans in collective collateral for the construction of houses of the earthquake victims, 2074 (2017)**

**3. Terms and Conditions:** (1) The following terms and conditions shall apply in providing additional 3 lakh rupees by the 'ka', 'kha' 'ga' and 'gha' class banks and financial institutions for the construction of houses of earthquake victims in collective guarantee:

- (a) The maximum ceiling for the loan disbursement to the earthquake victims in collective collateral shall be 3 lakh rupees.
- (b) This loan shall be provided only if the borrower or his/her family do not have house to live and possess the earthquake victim card issued by the Government of Nepal.
- (c) The bank or financial institution shall not take any kind of interest or fee from the borrower.
- (d) The loan provided in collective collateral must be guaranteed by the credit guarantee corporation.
- (e) The reimbursement duration of the interest-free loan shall be a minimum of 3 years and a maximum of 5 years.
- (f) The loans issued under this provision can be considered as loans issued for the poor.
- (g) The bank or financial institution must maintain provision to disburse the loan in a simple, easy and fast-track manner.
- (h) The relevant bank or financial institution must appoint a separate communication officer to provide information about the loans and to hear grievances.
- (i) The provisions related to the loan category, loss provision, inspection and supervision shall be as per the directives issued by the Central Bank of Nepal.

**4. Deposit cash:** (1) Cash shall be deposited as following:

- (a) The Government of Nepal shall create a fund for the payment of the loan, insurance and guarantee fee and deposit the amount in the Central Bank of Nepal, Banking Office, Thapathali.
- (b) The interest shall be maintained at 2 percent as operating costs for the bank or financial institutions. The Banking Office of the Central Bank of Nepal shall use the fund to provide the interest amount, insurance or guarantee fee to the bank or financial institutions after they have been requested by the banks or financial institutions.

**5. Coordination and monitoring:** (1) For the purpose of coordinating and monitoring the interest-free loans given in collective guarantee, a coordination and monitoring committee will be formed as following:

(a) Deputy Governor (Banks and Financial Institution

Regulation Department), Central Bank of Nepal

- Coordinator

- (b) Joint-Secretary, Ministry of Finance - Member
- (c) Joint-Secretary, National Reconstruction Authority - Member
- (d) Chairperson, Nepal Bankers' Association - Member
- (e) Executive Director, Central Bank of Nepal, Banks and Financial Institutions Regulation Department - Member Secretary

(2) For effective implementation of the interest-free loans disbursed in collective collateral, the committee shall conduct necessary coordination and monitoring.

**6. Provision related to grievances:** (1) During the implementation of this procedure, the task of listening to the grievances related to the bank or financial institutions not issuing loans, earthquake victims not receiving the services, loans being misused or any other relevant grievances, and to work ahead based on the grievances shall be conducted by the coordination and monitoring committee pursuant to section 5.

**7. Authority to remove obstacles:** (1) If there are any obstacles in implementing this procedure, the coordination and monitoring committee shall have the authority to remove those obstacles.

**8. Revisions and Amendments:** (1) The Government of Nepal can make necessary revisions and amendments to this procedure.