

**Government of West Bengal**  
**Finance Department**  
**Budget Branch**

No. 1278-F.B.

Howrah, the 30<sup>th</sup> December, 2024

From: Subrata Kumar De, IAS  
Special Secretary,  
to the Government of West Bengal.

To : The Accountant General (A & E), West Bengal  
(Book II Section), Treasury Buildings, Kolkata- 700 001

**Subject: Loans and Advances of the State Govt- Interest rates and other terms and conditions for the F.Y. 2024-25.**

Sir,

I am directed to say that vide G.O. No. 1991-FB dated 28<sup>th</sup> December 2023 the rate of interest and other terms and conditions for Loans & Advances was fixed at 7.70 % per annum by the State Government for the F.Y. 2023-24.

I am further directed to say that the Governor is pleased to fix the following rates of interest for the F.Y. 2024-25 in respect of different categories of Loans and Advances as mentioned below along with other terms & conditions:

Category of borrower and type of loan	Interest Rate per annum for the F.Y. 2024-25
<b>1. Industrial &amp; Commercial Undertakings in the Public Sectors &amp; Co-operative.</b> i) Investment loans ii) Working Capital Loans & Loans to meet Cash losses iii) Loans for other purpose	7.52 %
<b>2. Loans to local Bodies- Municipal Corporations, Municipalities, Improvement Trusts, Development Authorities, Zilla Parishad, Anchalic Parishads, Panchayat Samities, Housing Boards etc.</b>	
<b>3. Loans to Co-operative Societies (excluding Loans financed by the NABARD, NCDC etc)</b>	
<b>4. Other Miscellaneous Loans</b>	

**I. Terms and conditions applicable to loans under categories 1-4 above are as follows: -**

1 Recovery of Loan:

(a) Recovery of Principal

- (i) The principal is recoverable within the period as specified in each case of sanction of loan in equal annual instalments commencing from the first anniversary date of drawal of loan unless a moratorium is allowed.
- (ii) The period for repayment of loans for all parties should be restricted to the minimum possible. Normally, no loan should be granted for a period exceeding 10 years.
- (iii) The period of repayment of working capital loans should preferably be restricted to 2 or 3 years. In no case, the period of these loans should exceed 5 years.

Contd.....

(b) Payment of Interest:

Unless otherwise specified in each case of sanction of loan, interest will be payable annually on the principal amount outstanding from time to time. Moratorium on the payment of interest will not be allowed except under special circumstances. The payment of interest will start from the first anniversary date of drawal of loan.

(c) Penalty Clause: The loan sanctions/agreements should invariably include a penalty clause providing for levy of a penal rate of interest in the event of default in repayment of instalment(s) of principal and/or interest. The penal rate of interest will be 2.5% above the normal rate of interest at which the loan was sanctioned.

2. This order will not also affect the special rates, which have been fixed under special circumstances of any case.
3. This order will not affect the rate of interest and terms and conditions fixed for the loan under different housing schemes of the State Govt. Viz. MIGHS, LIGHS, etc. which are financed by loans from the lending institutions like the LIC, GIC, HUDCO, etc. as well as for the loans to Co-operative Societies financed out of funds provided by NABARD and loans from the NCDC, IDC, etc. In these cases, rate of interest will continue to be fixed separately in consultation with this Department on the basis of the interest rates of the lending institutions and the proposal of the Administrative Departments concerned (viz. Housing Department, Co-operation Department, Animal Resource Development Department etc.)
4. The rate of interest and terms and conditions of repayment of loans and advances by the State Government fixed in this Order will not apply in the case of loans and advances to the Closed and Sick Industries for which terms and conditions should be settled by the Admin Departments in individual case, if not already done, in consultation with this Department.
5. The Departments are required to keep a close watch on timely repayment of principal and interest. The Departments must consider the question of adjustment of defaulted dues while sanctioning a fresh loan to a borrower who has earlier defaulted.
6. The Departments are requested to put up proposal to Finance (Budget) Deptt. for opening new receipt Head of account for repayment of principal as well as interest in case such Head of Accounts are not available under Budget Publication No.4.
7. Individual cases relating to terms and conditions of loan need not be referred to Finance (Budget) Department unless it is proposed to deviate from those laid in this order or a moratorium on repayment of principal/interest is proposed.

Yours faithfully



Special Secretary to the  
Govt. of West Bengal

No. 1278/1(3) -F.B.

Howrah, the 30<sup>th</sup> December, 2024

Copy forwarded for information and necessary action to:-

- (i) The Principal Accountant General (Audit), West Bengal, Treasury Buildings, Kolkata-700001
- (ii) The Additional Chief Secretary/Pr. Secretary/Secretary.....Deptt.
- (iii) Shri Sumit Mitra, Network Administrator, Finance Department, for uploading this order in the Finance Department's Website.



Special Secretary to the  
Govt. of West Bengal