

Loan policies

Parthasarathi Nayak, CM Faculty

Purpose of policy

- Emphasis on maintaining asset quality
- Overall risk appetite of the Bank.
- Approach to sanctioning, managing and monitoring credit risk,

Objectives of the Policy

- Strategic objective of positioning the bank as Large Corporate, Mid segment and Retail Bank
- Balanced deployment of credit to various sectors and geographical regions
- Due compliance with various regulatory norms/guidelines issued by Government/MoF/RBI/CVC and suggestions of IBA

Q-1

- Mid corporate segment is identified for exposure involving Rs. Crore & above to less than Rs. Crore from our Bank (irrespective of the sector).

Ans. **25,150**

Q-2

- For proposal falling under CO authority, MCBs will directly submit the proposal to Corporate Office under copy to respective ZO & FGMO. The ZO & FGMO will submit their views/observations on the proposals to Corporate Office within ... Days
- Ans ..10

Q-3

- Large corporate segment is identified for exposure to corporate of Rs..... Crore and above from our Bank irrespective of sector, size of loan and group accounts

Ans. 150

Q-4

- Large Corporate Vertical will prepare Group Assessment report for groups having aggregate exposure of Rs Cr & above on yearly basis and share details with all verticals.

ans. 300

SI No.

Existing guidelines

New guidelines

1

For Fresh Connection:

For proposals falling under the authority of COLCC- GM & above (having External rating BBB & above), separate approval through NBG is not required. Proposals after thorough due diligence will be sent to Corporate Office for final decision.

Approval of various other NBG committees for exposure of Rs 10 Cr & above is required as under:

Criteria	Sanctioning Authority	NBG Approving Authority
1.External Rating BB & Below Unrated (For accounts eligible for External rating)**	Up to COLCC GM	COLCC- ED
3. Exposure falling under Stress Sectors (Sectors identified by RMD on quarterly basis and updated on RMD helpdesk. Sub sectors as exempted from stress sector shall be excluded	COLCC- ED & above	Respective Sanctioning Authority\$

\$CAC will be competent authority for MC proposals

**** Excluding-**

1. PSUs &
2. Exposures to be taken in unrated SPVs where promoter/ sponsor company is externally rated as A & above

For Fresh Connection:

1. For proposals with External Rating BBB & above separate approval through NBG is not required.
2. **NBG approval for Externally BB & above rated MSME/ Agri borrower is not required under following cases:**
 2. i) The applicant is having CMR score in the range of 1-4.
 2. ii) In case of CMR -5, exposure is collaterally secured by 100%.
3. **NBG approval is not required for MSME/ Agri borrower with exposure of Rs 10 Cr & above and less than Rs 25 Crore fulfilling the criteria 2.i) & 2.ii)**
4. In all other cases, approval of various other NBG committees for exposure of **Rs 10 Cr & above** is required as under:

Criteria	Sanctioning Authority	NBG Approving Authority
1.External Rating BB & Below (-in applicable cases)*	Up to COLCC GM	COLCC- ED
2. Unrated (For accounts eligible for External rating)**	COLCC- ED & above	Respective Sanctioning Authority\$
3. Exposure falling under Stress Sectors (Sectors identified by RMD on quarterly basis and updated on RMD helpdesk. Sub sectors as exempted from stress sector shall be excluded		

*External Rating applicability is mentioned in page 360 of Credit Risk Management Policy.

\$CAC will be competent authority for MC proposals

**** Excluding-**

1. PSUs &
2. Exposures to be taken in unrated SPVs where promoter/ sponsor company is externally rated as A & above

For Existing Connection:

For enhancement proposals in all existing accounts with rating (Internal and External (wherever applicable in terms of policy guidelines) above investment grade (BBB & above), NBG approval is not required

NBG Requirement of existing accounts with below investment grade rating for enhancement of Rs 10 Cr & above will be as under:

Criteria	Sanctioning Authority	NBG Approving Authority
Internal or External Rating – Below Investment Grade(BB & Below)	up to COLCC GM	COLCC- ED
	COLCC- ED & above	Respective Sanctioning Authority\$
SCAC will be competent authority for MC proposals		

For Existing account:

For enhancement proposals in all existing accounts with rating (Internal and External (wherever applicable in terms of policy guidelines) above investment grade (BBB & above) & MSME / Agri **Borrower (Internal Rating – IB BBB and having External rating BB & above - in applicable cases)** NBG approval is not required

In all other cases, NBG Requirement of existing accounts with below investment grade rating for enhancement of Rs 10 Cr & above will be as under:

Criteria	Sanctioning Authority	NBG Approving Authority
Internal or External Rating BB & Below (in applicable cases)	Up to COLCC GM	COLCC- ED
	COLCC- ED & above	Respective Sanctioning Authority\$
SCAC will be competent authority for MC proposals		

NBG approval for fresh as well as existing connection for exposure under LRD (IB Rental Scheme with ring fencing of rental cash flows) falling under CO level Committees (COLCCGM & above) is not required.

Q-5

- Under atmanirbhar bharat our bank has launched three products for promoting investment credit. What are they ?
 - a) IND - Krishi Infra Fund
 - b) IND - Micro Food Processing Enterprises
 - c) IND - Pashudhan Mitra

Credit Principles

- Careful selection of borrowers
- It should not be used for any speculative purpose or any unlawful activity
- Due diligence processes with regard to the credentials of the borrower, purpose of the loan, financial position of the borrower
- Robust internal credit rating and scoring models
- a well-defined system of delegation of powers to sanction/approve credit facilities
- Credit facility can be disbursed unless the standard loan documents in the specified form have been executed

Q-6

- Any fresh exposure to borrowers having working capital limit of Rs..... Crore & above from the banking system (other than specifically permitted categories of advances in this policy) shall be under Consortium Arrangement
- **ANS-500**

Q7

- Who is the competent authority for sanction of loan under consortium arrangement if the share falls below 10% of the total exposure up to COLCC GM power ?
- Ans: **COLCC ED**

Q-8

- The joint lending arrangement is applicable for a single borrower with aggregate credit limits (both fund based and non-fund based) of RsCrore and above involving more than one Public Sector Bank.

Ans-150

Corporate loans

- Existing and new customers having combined internal rating of IB-BBB and above
- All Corporate borrowers and non-corporate borrowers (partnership firms and LLPs). Under MSME category only medium enterprises will be eligible
- Power to consider corporate loan is vested with Corporate Office level committee
- Minimum amount of loan Rs. 1 Cr. Maximum –no ceiling. Tenor minimum of 6 months and maximum of 5 years

Disposal application on Agriculture

Amount	Time lines for disposal of loan applications
Upto Rs.25000	Within 15 days
Beyond Rs.25000 and up to Rs.5 crore – fresh limits and increase in limits for existing units	Within 4 weeks
Above Rs.5 crore –fresh limits and increase in limits for existing units	Within 8 weeks

Disposal application on MSME

Amount	Time lines for disposal of loan applications
Loans up to Rs.5.00 Lakh	Within 2 weeks
Above Rs.5.00 Lakh and up to Rs.25.00 Lakh	Within 3 weeks
Above Rs.25.00 Lakh	Within 6 weeks

Q9

- Verification of Central Fraud Registry in respect of accounts with exposure of Rs lakh and above

Ans .1.00

Q-10

- LSR, genuineness Certificate to be obtained in every years for accounts where valuation of property is \geq Rs..... Cr or Exposure is \geq Rs.....Cr from a different lawyer/advocate
- Ans 3,5,5

Q11

- Passport details of Directors/Guarantors/Promoters for advances of Rs crore and above to be captured in CBS
- **ANS.5 CR**

Q-12

- For Borrowers / Guarantors/ Directors/Partners/Trustees appearing in the Defaulters' list of RBI non-suit filed accounts, fresh sanction/enhancement of the limit shall be considered first time at CO byon merits, up to its powers and respective sanctioning committee at CO for others.

Ans . COLCC GM

Q-13

- Where advances granted to the same party or their associate concerns (Associate concern shall be read in line with Group of connected counterparties defined in the policy) are classified as NPA (other than wilful default) with the Bank, or with other bank, the delegation of loan powers shall be exercised as for fresh/enhancement/adhoc..
- Ans. **COLCC ED**

Q14

- a Certificate from an independent Company Secretary or from a Chartered Accountant to this effect on a yearly basis, for the borrowal accounts of Rs..... Crore and above, and keep the same on record after verification for non pendency of dues to statutory authority
- Ans..5

Q-15

- Branches / Zonal Office shall collect copy of the details submitted to SEBI from the listed companies for whom our Bank has considered facilities (more than Rs..... Crore) on a monthly basis for submission of the same to sanctioning authority
- Ans..10

Q-16

- Credit proposals beyond Rs. crores (fresh/addition/Expansions) should be accompanied by TEV study from an outside agency

Ans .25

Q-17

- will be empowered to empanel any agency for TEV study work. is the competent authority to waive TEV in all cases
- Ans **COLCC GM, COLCC ED**

Q18

- Second Legal Opinion to be obtained for securities/ properties to be charged to advances of Rs..... lacs and above.

Ans.100

Q19

- Bank cannot grant any loans and advances on the security of its own shares in terms of Section 20(1) of which act ?
- Ans. **Banking Regulation Act, 1949**

Q20

- In case of takeover of accounts from any of the banks where our EDs or MD & CEO have worked earlier, for all loans above Rs..... Crore, MC should be the approving authority
- Ans 25

Q21

- Relaxation in financial covenants the competent authority up to 2 parameters by....., 4 parameters byMore than 4 parameters by and above.....

ans. **FGMCAC, COLCC (GM), COLCC(ED)**

Take over cant be considered

- Accounts which have been restructured
- OTS settled accounts with other banks irrespective of nature of the facility
- Parties appearing in the Defaulters' List of RBI /CIBIL (or) ECGC's Specific Approval List (SAL), RBI Caution List o Any of the Group/Associate account is NPA (non suit filed),
- Borrowers and their group accounts under suit filed category
- For liquidating liabilities with private money lenders / multani bankers
- Advances restricted by our Bank's Loan / Credit Risk Management Policy

Q22

- What is the minimum amount of loan can be taken over for agriculture kcc category and in other loan (except subsidy /govt sponsored)
- Ans- **Rs 3 lacs and above , Rs 10 lacs and above**

Method of assessment of WC

	type	method
1	Limit up to Rs.5 Crore (other than trade segment)	Turnover Method Under specific circumstances, for limits up to Rs.5 crore (other than trade segment), Turnover method or MPBF 2nd method of lending whichever is higher is permitted. If MPBF 2nd method of lending is considered, reasons for adopting the methodology should be substantiated in the credit proposal
2	Limit more than Rs.5 Crore	MPBF 2nd Method of lending and Modified MPBF (Method given below)#
3	Leasing / Hire purchase NBFCs	MPBF 2nd Method of lending
4	NBFC, Educational Institutions, Hospitals, Hotels and Real Estate Developers	Cash Budget System

Q23

- What is the margin , collateral percentage and current ratio is Modified MPBF method ?
- Ans. ***15,100,1.15***

Q24

- Repayment of term loan beyond 10 years other than structured loan product shall be approved by COLCC (GM) and above at CO within their delegated powers subject to a maximum of years or 85% of the economic life

Ans.25

Q25

- Any Application/request for Credit facilities by way of Working capital and or TL of \geq Rs. lakh or units having a turnover of \geq Rs.....Cr, (other than home loan, education loan & other structured products), should be accompanied with Audited balance sheet

Ans. 20,100

Q26

- The level of unsecured loans that can be treated as quasi capital (for calculation of net worth) to be restricted to of the Tangible net worth (Excluding Revaluation Reserves)

- Ans: **100%**

Interest if paid subject to interest coverage ratio more than 1.5

Extension of moratorium

- Generally, holiday period for payment of interest shall not be more than years and the moratorium period for repayment of the principal shall not exceed Years

Ans 2,3

***COLCC GM and above sanctioning authority has the power to extend

Annexure II – Guidelines for Performance and Financial Analysis

Financial Parameters for Working Capital and Term Loans / DPG				
(Applicable For Existing Advances (Review & Renewal))				
Facility	Benchmark	ZLCC	FGMCAC	COLCC(GM)
Current Ratio (WC)				
General	1.10	1.10	1.10	1.00
EOU	1.00	1.00	1.00	1.00
Tea/Sugar (incl'd AMTL)	1.00	1.00	1.00	1.00
Mid-Corporate (Mfg.)	1.00	1.00	1.00	1.00
Large (Mfg.)	1.00	1.00	1.00	1.00
Trade & Services	1.10	1.00	1.00	1.00
Infrastructure	1.00	1.00	1.00	1.00
Contractors (FB)	1.00	1.00	1.00	1.00
TOL/TNW (WC & TL)*				
General	3:1	4:1	4:1	5:1
Mid-Corporate (Mfg.)	5:1	5:1	5:1	6:1
Large (Mfg.)	5:1	5:1	5:1	6:1
Trade & Services	6:1	7:1	7:1	8:1
Infrastructure	6:1	7:1	7:1	8:1
Contractors (FB only)	3:1	4:1	4:1	5:1
Contractors(FB+NFB)	No benchmark stipulated			
Accounts / Proposals under Stressed Sector (as identified by the Bank-CO RMD)	6:1	7:1	7:1	8:1
DER (TL)				
General	2:1	2.50:1	2.50:1	3:1
Mid-Corporate (Mfg.)	3:1	4:1	4:1	4.50:1
Large (Mfg.)	2:1	2.50:1	2.50:1	3:1
Trade & Services	3:1	3:1	3:1	4:1
Infrastructure	4:1	5:1	5:1	6:1
Interest Coverage Ratio (WC)	1.25	1.25	1.25	1.10
DSCR (TL)	Avg. 1.50 Min 1.25	Avg. 1.25 Min 1.00	Avg. 1.25 Min 1.00	Avg. 1.25 Min 0.90
FACR (TL)	1.20	1.20	1.20	1.00
DSCR/FACR - HAM Model Road Projects	No Benchmark*			
Security Coverage (WC)	1.20	1.20	1.20	1.00

* For HAM projects, FACR and DSCR not to be considered as benchmark ratio. DSCR, TOL/ TNW as laid down in Credit Policy & other guidelines to be analyzed/discussed in the proposal but need not be tested as a mandatory special benchmark. However DSCR should not be below 1 throughout the term.

**Financial Parameters for working capital and Term loan / DPG
(Applicable For Fresh /Enhancement Accounts)**

Facility	Benchmark	ZLCC	FGMCAC	COLCC(GM)
Current Ratio (WC)				
General	1.33	1.10	1.10	1.00
EOU	1.00	1.00	1.00	1.00
Tea/Sugar (incl'd AMTL)	1.00	1.00	1.00	1.00
Mid-Corporate (Mfg.)	1.10	1.10	1.10	1.00
Large (Mfg.)	1.20	1.10	1.10	1.00
Trade & Services	1.33	1.00	1.00	1.00
Infrastructure	1.15	1.10	1.10	1.00
Contractors (FB)	1.20	1.10	1.10	1.00
TOL/TNW (WC & TL)*				
General	3:1	4:1	4:1	5:1
Mid-Corporate (Mfg.)	4:1	4:1	4:1	5:1
Large (Mfg.)	4:1	5:1	5:1	6:1
Trade & Services	6:1	7:1	7:1	8:1
Infrastructure	5:1	5:1	5:1	6:1
Contractors (FB only)	3:1	4:1	4:1	5:1
Accounts / Proposals under Stressed Sector (as identified by the Bank-CO RMD)	4:1	5:1	5:1	6:1
DER (TL)				
General	2:1	2.50:1	2.50:1	3:1
Mid-Corporate (Mfg.)	3:1	4:1	4:1	4.50:1
Large (Mfg.)	2:1	2.50:1	2.50:1	3:1
Trade & Services	2:1	2.50:1	2.50:1	3:1
Infrastructure	4:1	5:1	5:1	6:1
Interest Coverage Ratio (WC)	1.50	1.25	1.25	1.10
DSCR (TL)	Avg. 1.50 Min 1.25	Avg. 1.50 Min 1.25	Avg. 1.50 Min 1.10	Avg. 1.25 Min 1.00
FACR (TL)	1.20	1.20	1.20	1.00
DSCR/ FACR – HAM Model Road Projects	No Benchmark*			
Security Coverage (WC)	1.20	1.20	1.20	1.00

* For NBFC/HFC/MFI accounts / proposals, separate financial benchmarks are stipulated, as mentioned at the relevant chapter.

* Security Coverage for EPC companies is separately defined.

* For HAM projects, FACR and DSCR not to be considered as benchmark ratio. DSCR, TOL/TNW as laid

ZED-zero defect and zero effect

	ROI concession	processing
Platinum	0.25	50
Diamond	0.25	35
Gold	0.25	25

Increase in ceiling of coverage from ` 200 lakh to ` 500 lakh –

per borrower for the credit facilities extended by eligible MLIs to the Micro and Small Enterprises (MSEs).

The extent of coverage is given in the table below:

Category (including Trading activity)	Maximum extent of Guarantee Coverage		
	where guaranteed credit facility is		
	Upto ₹ 5 lakh	Above ₹ 5 lakh & upto ₹ 50 lakh	Above ₹ 50 lakh & upto ₹ 500 lakh
Micro Enterprises	85%	75%	75%
MSEs located in North East Region (incl. Sikkim, UT of Jammu & Kashmir & UT of Ladakh)	80%		
Women entrepreneurs / SC/ST entrepreneurs / Person with Disability (PwD)/ MSE promoted by Agniveers / MSEs situated in Aspirational District/ ZED certified MSEs	85%		
All other category of borrowers	75%		

In view of growing credit needs of MSEs under trading activity, trading activity (MSE Retail Trade and Wholesale Trade) has been aligned with other activities

The above modifications shall be applicable for all guarantees approved on or after April 01, 2023 including enhancement in Working Capital of existing covered accounts.

SLAB	STANDARD RATE (PA)*
0-10 lakh	0.37
Above 10-50 lakh	0.55
Above 50-1 crore	0.60
Above 1-2 crore	1.20
Above 2-5 crore	1.35

**Above 2-5 crore 1.35 AGF will be charged on the guaranteed amount for the first year and on the outstanding amount for the remaining tenure of the credit facility.*

The standard rate is across all activity including trading activity.

Additional concession / relaxation in guarantee fee to following categories			
Category	Social Category (Weaker Section/ Underserved Section)	Geographic	MSE Status
Target Group	Women/SC/ST / Person with disability (PwD)/ Agniveers	NER incl. Sikkim, UT of Jammu & Kashmir & UT of Ladakh (Upto `50 Lakh)/ Aspirational District	ZED Certified
Relaxation/ Concession in Rate	10%	10%	10%

Modified FEE Structure

In pursuit of revamp of Credit Guarantee Scheme to increase flow of credit to MSEs, it has been decided to bring down the cost of guarantee. Further, guarantee fees to Retail / Wholesale Trade is made at par with other activities. The revised the Annual Guarantee Fee (AGF) structure under Credit Guarantee Scheme (CGS -I) applicable to all the guarantees approved/ renewed on or after April 01, 2023 is given in the table below.

MLIs with better portfolio would be given the discount of 10% in standard rate whereas MLIs with high risk associated would be charged maximum risk premium upto 70% of SR.

Cost to the borrower

The Credit Guarantee Scheme leaves it to the discretion of the MLIs to decide about passing on the incidence of Annual Guarantee Fee (AGF) to the borrower or alternatively they may decide to bear it themselves.

Margin requirements for MSME Sector

S No	Facility	Margin
1.	OCC & OD / Book Debts	20%
2.	Term loan / Land & building	30%
3.	Second hand machinery	35% Further, 10% relaxation is permitted as below <ul style="list-style-type: none"> • Borrowal accounts up to ZLCC powers – COLCC(GM) • Borrowal accounts under the powers of COLCC(GM) and above – Respective sanctioning authorities
4.	Margin Requirements for MUDRA Loans	<ul style="list-style-type: none"> • Shishu – Nil • Kishore – 10% • Tarun – 15%

Other margin requirements shall be as prescribed under Discretionary Power Booklet
from time to time

TREDS

- facilitating the financing of trade receivables of MSMEs from corporate and other buyers, including Government Departments and Public Sector Undertakings (PSUs),
- For facilitating MSME units
- a) NSE Strategic Investment Corporation Limited (NSICL) and Small Industries Development Bank of India (SIDBI), Mumbai – RXIL
- b) Axis Bank Limited, Mumbai - INVOICEMART
- c) Mynd Solutions Pvt. Ltd., Gurgaon, Haryana - M1 Exchange

Restructuring of MSME

- For MSME loans which are 'stressed' but in 'Standard' Category as on 01.03.2020 with aggregate exposure (FB+NFB) up to Rs. 25 crore.
- Restructuring of the borrower account is implemented by March 31,2021.
- borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-registration.
- CAP-Corrective action plan
- Interest Rate
- Specific Period
- Other category (Above 25 cr and under Consortium/MBA)

Targets and Sub Targets - PSL



Categories	Domestic commercial banks (excl. RRBs & SFBs) & foreign banks with 20 branches and above	Foreign banks with less than 20 branches	Regional Rural Banks	Small Finance Banks
Total Priority Sector	40 per cent of ANBC as computed in para 6 below or CEOBE whichever is higher	40 per cent of ANBC as computed in para 6 below or CEOBE whichever is higher; out of which up to 32% can be in the form of lending to Exports and not less than 8% can be to any other priority sector	75 per cent of ANBC as computed in para 6 below or CEOBE whichever is higher; However, lending to Medium Enterprises, Social Infrastructure and Renewable Energy shall be reckoned for priority sector achievement only up to 15 per cent of ANBC.	75 per cent of ANBC as computed in para 6 below or CEOBE whichever is higher.
Agriculture	18 per cent of ANBC or CEOBE, whichever is higher; out of which a target of 10 percent [#] is prescribed for Small and Marginal Farmers (SMFs)	Not applicable	18 per cent ANBC or CEOBE, whichever is higher; out of which a target of 10 percent [#] is prescribed for SMFs	18 per cent of ANBC or CEOBE, whichever is higher; out of which a target of 10 percent [#] is prescribed for SMFs
Micro Enterprises	7.5 per cent of ANBC or CEOBE, whichever is higher	Not applicable	7.5 per cent of ANBC or CEOBE, whichever is higher	7.5 per cent of ANBC or CEOBE, whichever is higher
Advances to Weaker Sections	12 percent [#] of ANBC or CEOBE, whichever is higher	Not applicable	15 per cent of ANBC or CEOBE, whichever is higher	12 percent [#] of ANBC or CEOBE, whichever is higher

Calculation of Adjusted Net Bank Credit



Bank Credit in India	I
Bill Rediscounted with RBI & other Financial Institutions	II
Net Bank credit	$I - II = III$
Bonds/debentures in Non-SLR categories under HTM category + other investments eligible to be treated as priority sector + outstanding Deposits under RIDF & other eligible funds with NABARD, NHB & SIDBI on account of priority sector shortfall + outstanding PSLCs	IV
Eligible amount for exemptions on issuance of long-term bonds for Infrastructure and affordable housing	V
Eligible advances extended in India against the incremental FCNR(B) /NRE deposits qualifying for exemptions from CRR/SLR requirements	VI
ANBC	$III+IV-(V+VI)$

1/21/2024

Targets and Sub Targets - PSL

The targets for lending to SMFs and for Weaker Sections shall be revised upwards from FY 2021-22 onwards as follows:

Financial Year	Small and Marginal Farmers target *	Weaker Sections target ^
2020-21	8%	10%
2021-22	9%	11%
2022-23	9.5%	11.5%
2023-24	10%	12%

* Not applicable to UCBs
 ^ Weaker Sections target for RRBs will continue to be 15% of ANBC or CEOBE, whichever is higher.

- ✓ The applicable target for lending to the non-corporate farmers for *the FY 2023-24 will be 13.78%* of ANBC or CEOBE whichever is higher.
- ✓ All efforts should be made by banks to increase the Farm Credit higher than the NCF target.

Priority Sector Lending



₹ in Cr

Segment (as on 30.09.23)	RBI Benchmark (as % of ANBC)	Mandatory Target	Achievement (Excluding PSLC)	
			Amount	%
Priority Sector	40.00%	153499	164341	42.83%
Agriculture	18.00%	69075	73210	19.08%
Small and Marginal Farmers	10.00%	38375	39449	10.28%
Weaker Section	12.00%	46050	49988	13.03%
Micro under MSME	7.50%	28781	35708	9.31%
Non Corporate farmers	13.78%	52880	57685	15.03%

All the mandatory targets stipulated by RBI under Priority Sector advances have been surpassed.

Position as on 30.09.2023

Classification under priority sector

- Loans up to **Rs. 5.00 Crore** to FPOs/FPCs undertaking farming with assured marketing of their produce at a pre-determined price will be eligible for classification under Agriculture / Priority sector
- Loan limits for Renewable energy have been increased to **Rs.30 Cr**
- Loans against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months subject to a limit up to **₹75 lakh** against NWRs/eNWRs and up to **₹50 lakh** against warehouse receipts other than NWRs/eNWRs
- Loans for agriculture infrastructure will be subject to an aggregate sanctioned limit of **₹100 crore per borrower** from the banking system
- ✓ Loans up to **₹50 crore** to Start-ups, as per definition of Ministry of Commerce and Industry, Govt. of India that are engaged in agriculture and allied services.

contd

- Loans to individuals for educational purposes, including vocational courses, not exceeding **Rs.20 lakh**
- Loans for repairs to damaged dwelling units up to **Rs. 10 lakh** in metropolitan centres and up to **Rs. 6 lakh** in other centres
- Bank credit to registered NBFCs (other than MFIs) towards on-lending for 'Term lending' component under agriculture will be allowed up to **₹ 10 lakh per** borrower subject to conditions
- Loans up to **₹50 crore** to Start-ups, as per definition of Ministry of Commerce and Industry, Govt. of India that confirm to the definition of MSME.
- Loans to individuals up to **₹35 lakh** in metropolitan centres (with population of ten lakh and above) and up to **₹25 lakh** in other centres for purchase/construction of a dwelling unit per family provided the overall cost of the dwelling unit in the metropolitan centre and at other centres does not exceed **₹45 lakh** and **₹30 lakh** respectively

contd

- Bank loans to HFCs (approved by NHB for their refinance) for on-lending, up to **₹20 lakh** for individual borrowers, for purchase/construction/ reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers
- Bank loans up to a limit of **₹5 crore** per borrower for setting up schools, drinking water facilities and sanitation facilities including construction/ refurbishment of household toilets and water improvements at household level, etc
- loans up to a limit of **₹10 crore** per borrower for building health care facilities including under 'Ayushman Bharat' in Tier II to Tier VI centres.

Q-27

- Bank guarantees for more than..... years shall be issued only with prior clearance from..... as issue of very long duration guarantees will have impact on the Asset Liability Management
- **10, CO**

Interchangeability of limit

- For original sanction:

Sanctioning authority may permit interchangeability of limits between funded and non-funded facilities at the time of original sanction except for interchangeability from BG to working capital funded facility or BG to LC.

However, COLCCED & above is permitted to allow interchangeability from BG to working capital funded facility or BG to LC with proper justification.

For modification in the sanctions for permitting interchangeability

a) **Funded to Non Funded:**

- Working Capital funded facility to LC interchangeability may be permitted by FGMCAC for proposals upto the powers of FGMCAC. Interchangeability may be permitted in COLCCGM/COLCCED proposals by COLCCED. In CAC/MC proposals, CAC is vested with powers to permit interchangeability.
- Only COLCCED and above are vested with powers to permit interchangeability from Working Capital funded facility to BG.
- Term Loan interchangeability to Capex LC can be allowed with requisite due diligence by respective sanctioning authority by way of approval of CAPEX LC as sub-limit to Term loan limit.
- CAC may permit interchangeability in MCB proposals in case of exigency with subsequent reporting to MC.

b) **Non Funded to Non Funded**

- LC to BG interchangeability – FGMCAC and above may permit 100% Non Funded to Non Funded Interchangeability from LC to BG and not vice versa. However, COLCCED and above will have the authority to permit such interchangeability (for proposals falling upto COLCC-ED) on cases to case basis and for proposals falling under the authority of CAC, permission can be allowed by CAC.
- CAC may permit interchangeability in MCB proposals in case of exigency with subsequent reporting to MC.
- While permitting interchangeability, purpose needs to be clearly understood and recorded with justification. BG purpose to be explicitly understood for proper classification.

c) **Non Funded to Funded:**

- Non funded based LC to funded working capital interchangeability may be allowed by FGMCAC upto 50%. COLCC GM & above can allow 100% interchangeability in accounts upto their DA on a case to case basis. Proper assessment and due justification to be brought on record
- BG to funded working capital interchangeability can be permitted only by COLCCED and above.

Issuing bank guarantees with assignment clause:

Considering the selective use and requirement for specific purpose, BG with assignment clause can be extended to top notch/Externally A rated and above clients, with appropriate margin stipulation as under:

Authority	Margin %
Respective sanctioning authority – Up to ZLCC	100
FGMCAC	50
COLCCGM	25
COLCCED/CAC/ MC	Upto NIL margin

Issuing Bank Guarantees with Assignment Clause (for overseas Centers)


Authority	Cash Margin %
Respective Sanctioning Authority – CEO / DGM / AGM Headed Committees of Foreign Branches	100
COLCC (GM)	Less than 100 and up to 75
COLCC (ED) / CAC / MC	Upto NIL Margin

However before according permission for issue of BG with assignment clause, it should be ensured that the proposed beneficiary is having good standing/minimum entry level credit rating with no adverse records.

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- Deviation reporting framework is applicable for Fresh/Net Enhancement proposals of ₹..... Crore and above which will be properly recorded by credit verticals and reported to RMD and CMC on Basis
- **Rs 50 ,Monthly**

SI No.	Existing guidelines (Page-361)	New guidelines												
1	<p>ZLCC may consider CIBIL Score up to 650 or Experian/Equifax/CRIF Highmark Score up to 600. FGMCAC may consider CIBIL Score up to 600 or Experian/Equifax/CRIF Highmark Score up to 575 with proper justification. Cases with CIBIL Score below 600 or Experian/Equifax/CRIF Highmark Score below 575 will be put up to COLCC (GM) for permission. CIC Hurdle rate (CIBIL Score of 700 or Experian/Equifax/CRIF Highmark Score of 650) is applicable only for Fresh/Enhancement proposals and not for review/renewal proposals.</p>	<p>The existing guidelines to continue with following additions:</p> <p>Credit facilities to borrowers with CIBIL/CIC reports having WO/ OTS / Settled Account status (other than Credit Card dues) in reports, subject to CIBIL Score of 700 & above /equivalent CIC scores may be considered by various authorities as under:</p> <table border="1" data-bbox="768 401 1831 682"> <thead> <tr> <th>WO/Settled/OTS amount</th> <th>Authority</th> </tr> </thead> <tbody> <tr> <td>Upto Rs.10,000</td> <td>Below ZLCC</td> </tr> <tr> <td>>Rs 10000 upto Rs 25000</td> <td>ZLCC</td> </tr> <tr> <td>>Rs 25000 to Rs 50000</td> <td>FGMCAC</td> </tr> <tr> <td>>Rs 50000 to Rs 100000</td> <td>COLCC- GM</td> </tr> <tr> <td>>Rs 100000</td> <td>COLCC- ED & above</td> </tr> </tbody> </table> <p><i>The Revised Authority for WO/OTS Amount / Settled shall not be applicable for Agriculture Loans except the settlement under specific scheme as per / approved by RBI/ GOI/ Bank Board.</i></p> <p>In case of retail borrowers having CIBIL score of 700 and above/equivalent CIC scores, but Written off/OTS/Settled in credit card dues beyond 3 years, proposals may be considered by the authorities defined as under:</p> <ul style="list-style-type: none"> • Sanctioning authority lower than ZLCC can consider the proposal having WO/Settled/OTS amount upto Rs. 25,000 • ZLCC and above can consider the proposal of having WO/Settled/OTS irrespective of amount, on merit, cases to case basis. • Any deviation in this regard may be approved by COLCC-ED based on the merit of individual case/ proposal. <p>(Ref: Circular No 21356 dated 01-12-2022 by Retail Asset</p>	WO/Settled/OTS amount	Authority	Upto Rs.10,000	Below ZLCC	>Rs 10000 upto Rs 25000	ZLCC	>Rs 25000 to Rs 50000	FGMCAC	>Rs 50000 to Rs 100000	COLCC- GM	>Rs 100000	COLCC- ED & above
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Thanks a lot
and
wishing you
all the best