



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA



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DOR.CRE.REC.No.27/07.10.002/2023-24

July 25, 2023

All Primary (Urban) Co-operative Banks

Dear Sir/ Madam,

**Master Circular - Management of Advances - UCBs**

Please refer to our [Master Circular DOR.CRE.REC.No.17/13.05.000/2022-23 dated April 8, 2022](#) on the captioned subject. The enclosed [Master Circular](#) consolidates and updates all the instructions / guidelines on the subject issued till date.

Yours faithfully

(Manoranjan Mishra)  
Chief General Manager

Encl.: as above

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हिंदी आसान है, इसका प्रयोग बढ़ाइए

## Master Circular on Management of Advances – UCBs

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## 1. Introduction

Primary (Urban) Cooperative Banks (UCBs) are expected to lay down, with the approval of their boards, transparent policies and guidelines for credit dispensation, in respect of each broad category of economic activity, keeping in view the credit exposure norms and various other guidelines issued by the Reserve Bank of India from time to time.

In order to ensure that the loan policy of the bank reflects approved internal risk appetite and remains in alignment with the extant regulations, it shall be reviewed by the Board at least once in a financial year.

## 2. Working Capital Requirements

2.1 The assessment of working capital requirement of borrowers, other than micro and small enterprises, requiring fund based working capital limits up to ₹1 crore and micro and small enterprises requiring fund based working capital limits up to ₹5 crore from the banking system may be made on the basis of their projected annual turnover.

2.2 In accordance with these guidelines, the working capital requirement is to be assessed at 25% of the projected turnover to be shared between the borrower and the bank, viz. borrower contributing 5% of the turnover as Net Working Capital (NWC) and bank providing finance at a minimum of 20% of the turnover. Projected turnover may be interpreted as 'Gross Sales' including excise duty.

2.3 The banks may, at their discretion, carry out the assessment based on projected turnover basis or the traditional method. If the credit requirement based on traditional production / processing cycle is higher than the one assessed on projected turnover basis, the same may be sanctioned, as borrower must be financed up to the extent of minimum 20 per cent of their projected annual turnover. The projected annual turnover would be estimated on the basis of annual statements of accounts or other documents such as returns filed with sales-tax / revenue authorities. Actual drawals may be allowed on the basis of drawing power to be determined by UCBs after excluding unpaid stocks.

2.4 Drawals against the limits should be allowed against the usual safeguards including drawing power and it is to be ensured that the same are used for the purpose intended. Banks will have to ensure regular and timely submission of monthly statements of stocks, receivables, etc., by the borrowers and also periodical verification of such statements *vis-à-vis* physical stocks by their officials.

2.5 In respect of borrowers other than micro and small enterprises, requiring working capital limits above ₹1 crore and for micro and small enterprises/units requiring fund based working capital limits above ₹5 crore, UCBs may determine the working capital requirements according to their perception of the credit needs of borrowers. UCBs may adopt turnover method or cash budgeting method or any other method as considered necessary. However, UCBs may ensure that the book-debt finance does not exceed 75% of the limits sanctioned to borrowers for financing inland credit sales. The remaining 25% of the credit sales may be financed through bills to ensure greater use of bills for financing sales.

## 3. Loan System for Delivery of Bank Credit

3.1 In the case of borrowers enjoying working capital credit limits of ₹10 crore and above from the banking system, the loan component should normally be 80% and the remaining Cash Credit component. UCBs have been given freedom to change the composition of working capital by increasing the cash credit component beyond 20 per cent or increase the loan component beyond 80 per cent, as the case may be, if they so desire. UCBs are expected to appropriately price each of the two components of working capital finance, taking into account the impact of such decisions on their cash and liquidity management.

3.2 In the case of borrowers with working capital (fund based) credit limit of less than ₹10 crore, banks may persuade them to go in for the Loan System by offering an incentive in the form of lower rate of interest on the 'loan component' as compared to the 'cash credit component' The actual percentage of 'loan component' in these cases may be settled by the bank with its borrower clients.

### 3.3 Ad hoc Credit Limit

The release of ad hoc / additional credit for meeting temporary requirements may be considered by the financing bank only after the borrower has fully utilised / exhausted the existing limit. As certain concerns were observed with regard to practices followed by banks in this regard, it has been reiterated vide [circular DoS.CO.PPG.BC.1/11.01.005/2020-21 dated August 21, 2020](#), that banks are expected to have a detailed Board approved policy on methodology and periodicity for review/renewal of credit facilities within the overall regulatory guidelines and adhere to the same strictly. Further, timely and comprehensive review/renewal of credit facilities should be an integral part of the Board approved loan policy and credit risk management framework, and banks should avoid frequent and repeated ad-hoc / short review/renewal of credit facilities without justifiable reasons. Banks are also advised to capture all the data relating to regular as well as ad-hoc/short review/renewal of credit facilities in their core banking systems/management information systems and make the same available for scrutiny as and when required by any audit or inspection by Auditors/RBI. Moreover, the processes governing review/renewal of credit facilities should be brought under the scope of concurrent/internal audit/internal control mechanism of banks with immediate effect.

### 3.4 Sharing of Working Capital Finance

In respect of consortium lending, the level of individual bank's share in Cash Credit and Loan Component shall be governed by the norm for single / group borrowers' credit exposure.

### 3.5 Rate of Interest

UCBs are allowed to fix separate lending rates for 'loan component' and 'cash credit component'.

### 3.6 Period of Loan

The minimum period of the loan for working capital purposes may be fixed by banks in consultation with borrowers. Banks may decide to split the loan component according to the need of the borrower with different maturity bases for each segment and allow roll over.

### 3.7 Export Credit

In respect of borrowers enjoying export credit limit, the bifurcation of the working capital limit into loan and cash credit components, would be effected after excluding the export credit limits (pre-shipment and post-shipment).

### 3.8 Bills Limit

3.8.1 Bills limit for inland sales may be fully carved out of the 'loan component'. Bills limit also includes limits for purchase of third party (outstation) cheques / bank drafts. Banks must satisfy themselves that the bills limit is not mis-utilised.

3.8.2 UCBs may lay down policy guidelines for periodic review of the working capital limit and the same may be scrupulously adhered to.

## 4. Credit Administration

### 4.1 Rate of Interest

UCBs are permitted to determine their lending rates taking into account their cost of funds, transaction costs etc. with the approval of their Board. However, banks are advised to ensure that the interest rates charged by them are transparent and known to all customers. Banks are also required to publish the minimum and maximum interest rates charged on advances and display the information in every branch. Though interest rates have been deregulated, rates of interest beyond a certain level may be seen to be usurious and can neither be sustainable nor be conforming to normal banking practice. Boards of banks have to lay down appropriate internal principles and procedures in this regard. In laying down such

principles and procedures in respect of small value loans, particularly, personal loans and such other loans of similar nature, banks may take into account, *inter-alia*, the following broad guidelines:

- (i) An appropriate prior-approval process should be prescribed for sanctioning such loans, which should take into account, among others, the cash flows of the prospective borrower.
- (ii) Interest rates charged by banks, *inter-alia*, should incorporate risk premium as considered reasonable and justified having regard to the internal rating of the borrower. Further, in considering the question of risk, the presence or absence of security and the value thereof should be taken into account.
- (iii) The total cost to the borrower, including interest and all other charges levied on a loan, should be justifiable having regard to the total cost incurred by the bank in extending the loan, which is sought to be defrayed and the extent of return that could be reasonably expected from the transaction.
- (iv) In the case of loans to borrowers under priority sector, no penal interest should be charged for loans up to ₹25,000. Penal interest may be levied for reasons such as default in repayment, non-submission of financial statements, etc. However, the policy on penal interest should be governed by well-accepted principles of transparency, fairness, incentive to service the debt and due regard to genuine difficulties of customers.
- (v) Banks should ensure that the total interest debited to an account should not exceed the principal amount in respect of short term advances granted to small and marginal farmers. The small and marginal farmers for the purpose shall include those with land holding of 5 acres and less.
- (vi) An appropriate ceiling may be fixed on the interest, including processing and other charges that could be levied on such loans, which may be suitably publicised.
- (vii) Foreclosure Charges / Prepayment Penalty - With effect from June 26, 2014, it has been decided that UCBs will not be permitted to charge foreclosure charges / prepayment penalties on all floating rate term loans sanctioned to individual borrowers.

#### 4.2 No Objection Certificate

UCBs should not finance a borrower already availing credit facility from another bank without obtaining a 'No Objection Certificate' from the existing financing bank.

#### 4.3 Opening of Current Accounts

4.3.1 Keeping in view the importance of credit discipline, at the time of opening of current accounts, banks should:

- (i) insist on a declaration from the account holder to the effect that he is not enjoying any credit facility with any other commercial bank or obtain a declaration giving particulars of credit facilities enjoyed by him with any other commercial bank/s.
- (ii) ascertain whether he / she is a member of any other co-operative society / bank; if so, the full details thereof such as name of the society / bank, number of shares held, details of credit facilities, such as nature, quantum, outstanding, due dates etc. should be obtained.

4.3.2 In case the borrower is already enjoying any credit facility from any other commercial / co-operative bank, the bank opening a current account should duly inform the lending bank(s) concerned and also specifically insist on obtaining a "No Objection Certificate" from them. In case of a prospective customer who is a corporate or large borrower enjoying credit facilities from more than one bank, the banks may inform the consortium leader, if under consortium, and the banks concerned, if under multiple banking arrangement. In case a facility has been availed from a co-operative bank / society, it is essential for the bank to comply with the requirements of the Co-operative Societies Act / Rules of the state concerned in regard to membership and borrowings.

4.3.3 Banks may open current accounts of prospective customers in case no response is received from the existing bankers after a minimum waiting period of a fortnight. If a response is received within a fortnight, banks should assess the situation with reference to information provided on the prospective customer by the bank concerned and are not required to solicit a formal no objection, consistent with true freedom to the customer of banks as well as needed due diligence on the customer by the bank.

#### 4.4 Certification of Accounts of Non-Corporate Borrowers by Chartered Accountants

As per the Income Tax Act, 1961, filing of audited balance sheet and Profit & Loss Account is mandatory for certain types of non-corporate entities. Therefore, the banks must insist on the audited financial statements from the borrowers enjoying large limits; since such borrowers would, in any case, be submitting audit certificate to the income-tax authorities, based on audit of their books of accounts by a Chartered Accountant.

#### 4.5 Defaults in Payment of Statutory Dues by Borrowers

UCBs may ensure that borrowers enjoying credit facilities, pay the provident fund payments and similar other statutory dues promptly. The non-payment of statutory dues by the borrowers is one of the symptoms of incipient sickness of an industrial unit. Therefore, it is in the interest of both the lender and borrower to give high priority to the clearance of these dues. Apart from insisting on the borrowers to indicate a definite programme for clearance of arrears, banks may consider suitable restrictions on the outflow of funds. UCBs may incorporate an appropriate declaration in their application forms for grant / renewal / enhancement of credit facilities so as to ensure that the position regarding the statutory dues is disclosed therein. In respect of the corporate borrowers and non-corporate borrowers, the amount of statutory dues should normally be reflected in their audited annual accounts. In case audited accounts do not indicate the position clearly, a certificate may be obtained from the Chartered Accountant for this purpose.

#### 4.6 Sanction of Advances

##### 4.6.1 Irregularities / Deficiencies in Credit Sanction

Banks should take suitable precautions to avoid irregular practices such as sanctioning advances beyond discretionary powers and / or without proper credit appraisal in order to minimise chances of frauds.

##### 4.6.2 Delegation of Powers

- (i) The Board of Directors should delegate specific powers to the Branch Managers and other functionaries at the Head Office level as also to the Chairman in the matter of sanction of advances and expenditure. A system should also be introduced to ensure that powers are exercised within the limits prescribed and any transgressions are immediately reported to Head Office.
- (ii) The internal inspectors should examine during the course of inspection of branches whether powers have been exercised properly and any unauthorised exercise of powers should immediately be brought to the notice of Head Office. Similarly, sanctions beyond discretionary powers by the Chairman, Chief Executive Officer and other executives at the Head Office should also be reported to the Board of Directors.

##### 4.6.3 Oral Sanction

The higher authorities at various levels should desist from the unhealthy practice of conveying sanction of advances orally or on telephone.

##### 4.6.4 Proper Record of Deviations

4.6.4.1 Only in exigencies, where sanctions are made on telephone / oral instructions of higher functionaries or sanctions beyond discretionary powers have to be resorted to, the following steps should be taken:

- (i) Record of such instructions / sanctions should be maintained by the sanctioning / disbursing authorities explaining the circumstances under which sanctions were made.
- (ii) Written confirmation of the competent sanctioning authority should be obtained by the disbursing authority / official within a week / fortnight.
- (iii) Sanctions within discretionary powers should also be reported to Head Office within a stipulated time and Head Office should meticulously follow up receipt of such returns.

(iv) Head Office should diligently scrutinise the statements / returns and should initiate stringent action against erring functionary(s) if he is / they are / found to have indulged in unauthorised sanctioning.

4.6.4.2 Officials should exercise powers delegated to them judiciously and should not exceed their discretionary powers for granting loans and advances. Violations, if any, in this regard should be viewed seriously and the guilty should be punished suitably.

#### 4.7 Monitoring Operations in Loan Accounts

##### 4.7.1 Post-Sanction Monitoring

4.7.1.1 It is the primary responsibility of banks to be vigilant and ensure proper end use of bank funds / monitor the funds flow. It is, therefore, necessary for banks to evolve such arrangements as may be considered necessary to ensure that drawals from cash credit / overdraft accounts are strictly for the purpose for which the credit limits are sanctioned by them.

4.7.1.2 Post sanction follow-up of loans and advances should be effective so as to ensure that the security obtained from borrowers by way of hypothecation, pledge, etc. are not tampered with in any manner and are adequate.

##### 4.7.1.3 Accounts showing sign of turning into NPAs

Banks may put in place more stringent safeguards, especially where accounts show sign of turning into NPAs. In such cases banks may strengthen their monitoring system by resorting to more frequent inspections of borrowers' godowns, ensuring that sale proceeds are routed through the borrower's accounts maintained with the bank and insisting on pledge of the stock in place of hypothecation.

4.7.1.4 Drawals against clearing cheques should be sanctioned only in respect of first class customers and even in such cases the extent of limits and the need therefore should be subjected to thorough scrutiny and periodic review. Banks should not issue banker's cheques / pay orders / demand drafts against instruments presented for clearing, (unless the proceeds thereof are collected and credited to the account of the party) or to borrowers whose accounts are already overdrawn or likely to be overdrawn with the issue of such instruments.

4.7.1.5 Drawals against clearing instruments should be normally confined to bank drafts and Government cheques and only to a limited extent against third party cheques.

4.7.1.6 Cheques against which drawals are allowed, should represent genuine trade transactions and strict vigilance should be observed against assisting kite-flying operations.

##### 4.7.2 Responsibility

4.7.2.1 The primary responsibility for preventing misuse of funds rests with the management of banks. UCBs should, therefore, take appropriate steps to review and tighten their internal administration and control measures so as to eliminate the scope for misuse / diversion of funds and malpractices.

4.7.2.2 Banks should take serious view of instances of misuse of power, corruption and other malpractices indulged by the members of staff and erring staff members should be given punishments befitting the seriousness of the irregularity. Quick disposal of enquiries by the banks and award of deterrent punishment would be necessary in all such cases.

#### 4.8 Annual Review of Advances

For an effective monitoring of the advances, it is imperative for the banks to undertake an exercise for review of the advances on a regular basis. Apart from the usual objective of such a review of assessing the quality of operation, safety of funds, etc. the review should specifically attempt to make an assessment of the working capital requirements of the borrower based on the latest data available, whether limits continue to be within the need-based requirements and according to the bank's prescribed lending norms.

#### 4.9 Valuation of properties-empanelment of valuers

The issue of correct and realistic valuation of fixed assets owned by banks and that accepted by them as collateral for a sizable portion of their advances portfolio assumes significance in view of its implications for correct measurement of capital adequacy position of banks. UCBs are, therefore, advised to put in place a system / procedure for realistic valuation of fixed assets and also for empanelment of valuers for the purpose as per guidelines given at [Annex-1](#).

#### 4.10 Diversion of Funds

UCBs should have a mechanism for proper monitoring of the end use of funds. Wherever diversion is observed, they should take appropriate action including recalling the loans, reduction of sanctioned limits, charging penal interest etc. to protect the bank's interest. UCBs should keep a proper vigil over requests of their clients for cash withdrawals from their accounts for large amounts. Whenever stocks under hypothecation to cash credit and other loan accounts are found to have been sold but the proceeds thereof not credited to the loan account, such action should normally be treated as a fraud. In such cases, banks may take immediate steps to secure the remaining stock so as to prevent further erosion in the value of the available security as also other action as warranted.

4.11 Diversion of funds would be construed to include any one of the under-noted occurrences:

- (i) Utilisation of short-term working capital funds for long-term purposes not in conformity with the terms of sanctions;
- (ii) deploying borrowed funds for purposes / activities or creation of assets other than those for which the loan was sanctioned;
- (iii) transferring funds to the subsidiaries / group companies or other corporates by whatever modalities;
- (iv) routing of funds through any bank other than the lender bank or members of consortium without prior permission of the lender;
- (v) investment in other companies by way of acquiring equities / debt instruments without approval of lenders;
- (vi) shortfall in deployment of funds *vis-à-vis* the amounts disbursed / drawn, and the difference not being accounted for.

4.12 Siphoning of funds should be construed to have occurred if any funds borrowed are utilised for purposes unrelated to the operations of the borrower, to the detriment of the financial health of the entity or of the lender. The decision as to whether a particular instance amounts to siphoning of funds would have to be a judgement of the lenders based on objective facts and circumstances of the case.

#### 4.13 End-use of Funds

In cases of project financing, banks should seek to ensure end use of funds by, inter alia, obtaining certification from the Chartered Accountants for the purpose. In case of short-term corporate / clean loans, such an approach ought to be supplemented by 'due diligence' on the part of lenders themselves, and to the extent possible, such loans should be limited to only those borrowers whose integrity and reliability were above board. UCBs, therefore, should not depend entirely on the certificates issued by the Chartered Accountants but strengthen their internal controls and the credit risk management system to enhance the quality of their loan portfolio. Needless to say, ensuring end-use of funds by banks should form a part of their loan policy document for which appropriate measures should be put in place.

4.14 The following are the illustrative measures that could be taken by the lenders for monitoring and ensuring end-use of funds:

- (i) Meaningful scrutiny of quarterly progress reports / operating statements / balance sheets of the borrowers;
- (ii) Regular inspection of borrowers' assets charged to the lenders as security;
- (iii) Periodic scrutiny of borrowers' books of accounts and the no-lien accounts maintained with other banks;
- (iv) Periodic visits to the assisted units;



- (v) System of periodical stock audit, in case of working capital finance;
- (vi) Periodic comprehensive management audit of the 'Credit' function of the lenders, so as to identify the systemic weaknesses in the credit-administration.

## 5. Exchange of Credit Information

### 5.1 Membership of Credit Information Companies (CICs)

5.1.1 With effect from January 29, 2015, it has been decided to mandate all UCBs to become member/s of all CICs and moderate the membership and annual fees suitably. In this regard, UCBs have been advised to comply with the directive [DBR.No.CID.BC.59/20.16.056/2014-15 dated January 15, 2015](#) and become member of all CICs and submit data (including historical data) to them.

### 5.1.2 Data Format for furnishing of credit information to CICs and other Regulatory measures

It has been decided to implement with modifications, certain recommendations of the Committee to Recommend Data Format for furnishing of Credit Information to CICs (Chairman: Shri. Aditya Puri) as given in [Annex-2](#). Further, in view of the Resolution Framework for COVID-19 related stress, Uniform Credit Reporting Format for Consumer Bureau and Commercial Bureau, as contained in [Appendix-A \(of Annex-2\)](#) has been modified vide [DoR.FIN.REC.46/20.16.056/2020-21 dated March 12, 2021](#), as under:

- (i) Consumer Bureau: The label of the field 'Written off and Settled status' is modified as 'Credit Facility Status' and it will also have a new catalogue value, viz., 'Restructured due to COVID-19'.
- (ii) Commercial Bureau: The existing field 'Major reasons for restructuring' will have a new catalogue value, viz., 'Restructured due to COVID-19'.

Cases admitted with National Company Law Tribunal (NCLT)/National Company Law Appellate Tribunal (NCLAT) under the Insolvency and Bankruptcy Code, 2016 are also required to be reported to CICs under the suit-filed cases.

### 5.1.3 Credit information reporting in respect of Self Help Group (SHG) members

UCBs shall be guided by instructions contained in the [circular DCBR.BPD.Cir.No.17/16.74.000/2015-16 dated May 26, 2016](#) on the matter. The instructions are also given as [Annex-3](#) of this circular for ready reference.

## 5.2 Exchange of information - Lending under Consortium Arrangement / Multiple Banking Arrangements

5.2.1 UCBs need to strengthen their information back-up about the borrowers enjoying credit facilities from multiple banks.

- (i) At the time of granting fresh facilities, banks may obtain declaration from the borrowers about the credit facilities already enjoyed by them from other banks. In the case of existing lenders, all the banks may seek a declaration from their existing borrowers availing sanctioned limits of ₹5 crore and above or wherever, it is in their knowledge that their borrowers are availing credit facilities from other banks, and introduce a system of exchange of information with other banks as indicated above.
- (ii) Subsequently, banks should exchange information about the conduct of the borrowers' accounts with other banks at least at quarterly intervals.
- (iii) Obtain regular certification by a professional, preferably a Company Secretary / Cost Accountant / Chartered Accountant regarding compliance of various statutory prescriptions that are in vogue.
- (iv) Make greater use of credit reports available from Credit Information Companies [Credit Information Bureau (India) Limited (CIBIL), M/s Experian Credit Information Company of India Private Ltd., Equifax Credit Information Services Pvt. Ltd. and High Mark Credit Information Services Pvt. Ltd.].
- (v) The banks should incorporate suitable clauses in the loan agreements in future (at the time of next renewal in the case of existing facilities) regarding exchange of credit information so as to address confidentiality issues.

## 5.2.2 Setting up of Central Electronic Registry under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002

Government of India has set up the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) under the provisions of the SARFAESI Act, 2002, with the objective of preventing frauds in loans involving multiple lending from different banks on the same immovable property. UCBs, accordingly were advised vide [circular UBD.BPD.\(PCB\) Cir No. 27/13.04.002/2012-13 dated December 14, 2012](#) to voluntarily file with CERSAI, in their own interest, records of equitable mortgages created by them. Pursuant to this, Government issued a Gazette Notification dated January 22, 2016 for filing of the following types of security interest on the CERSAI portal:

- (i) Particulars of creation, modification or satisfaction of security interest in immovable property by mortgage other than mortgage by deposit of title deeds.
- (ii) Particulars of creation, modification or satisfaction of security interest in hypothecation of plant and machinery, stocks, debts including book debts or receivables, whether existing or future.
- (iii) Particulars of creation, modification or satisfaction of security interest in intangible assets, being know how, patent, copyright, trademark, licence, franchise or any other business or commercial right of similar nature.
- (iv) Particulars of creation, modification or satisfaction of security interest in any 'under construction' residential or commercial or a part thereof by an agreement or instrument other than mortgage.

In this regard, instructions on Filing of Security Interest relating to Immovable (other than equitable mortgage), Movable and Intangible Assets in CERSAI, issued vide [circular DBR.Leg.No.BC.15/09.08.020/2018-19 dated December 27, 2018](#) have been made applicable to UCBs. Accordingly, UCBs were advised to complete filing the charges pertaining to subsisting transactions with CERSAI by March 31, 2019. It has also been advised to file the charges relating to all current transactions with CERSAI on an ongoing basis

## 5.3 Disclosure of Information and Monitoring of Defaulting Borrowers

5.3.1 Scheduled UCBs are required to submit to the Reserve Bank of India as at the end of September and March every year, the details of the borrowal accounts which have been classified as doubtful, loss or suit filed with outstanding (both under funded and non-funded limits) aggregating ₹1 crore and above as per the format given in [Annex-4](#).

5.3.2 The Reserve Bank of India is circulating to the banks and financial institutions the information on the defaulters (i.e., advances classified as doubtful and loss). The banks and financial institutions may make use of the information while considering the merits of the requests for new or additional credit limits by existing and new constituents.

5.3.3 All UCBs are required to submit the quarterly list of suit filed accounts of ₹1 crore and above, classified as doubtful or loss, to CIBIL and / or any other credit information company which has obtained Certificate of Registration (CoR) from RBI and of which the UCB is a member.

5.3.4 All UCBs are required to submit the list of suit filed accounts of wilful defaulters of ₹25 lakh and above as at the end of quarter March, June, September and December to CIBIL and / or any other credit information company which has obtained CoR from RBI and of which the UCB is a member.

5.3.5 The data on borrowal accounts against which suits have been filed for recovery of advances (outstanding aggregating ₹1 crore and above) and suit filed accounts of wilful defaulters with outstanding balance of ₹25 lakh and above, based on information furnished by scheduled commercial banks and financial institutions is available at [www.cibil.com](http://www.cibil.com).

5.3.6 UCBs can verify the lists to ensure that the defaulting borrowing units as also their proprietors / partners / directors etc. named in the list of suit-filed accounts, either in their own names or in the names of other units with which they are associated, are not extended further credit facilities.

5.3.7 The banks may make enquiry, if any, about the defaulters from the reporting bank / financial institution.

#### 5.4 Collection and dissemination of information on cases of wilful default of ₹25 lakh and above

5.4.1 Scheduled UCBs are required to report on a quarterly basis, all cases of wilful defaults, which occurred, or are detected after March 31, 1999 in the proforma given in [Annex-4](#). All non-performing borrowal accounts with outstanding (funded facilities and such non-funded facilities which are converted into funded facilities) aggregating to ₹25 lakh and above are to be reported.

5.4.2 A wilful default would be deemed to have occurred if any of the following events is noted:

- (i) The unit has defaulted in meeting its payment / repayment obligations to the lender even when it has the capacity to honour the said obligation.
- (ii) The unit has defaulted in meeting its payment / repayment obligation to the lender and has not utilized the finance from the lender for the specific purposes for which finance was availed of but has diverted the funds for other purposes.
- (iii) The unit has defaulted in meeting its payment / repayment obligations to the lender and has siphoned off the fund so that the funds have not been utilized for the specific purpose for which finance was availed of, nor are the funds available with the unit in the form of other assets.
- (iv) The unit has defaulted in meeting its payment / repayment obligation to the lender and has also disposed of or removed the movable fixed assets or immovable property given by it for the purpose of securing a term loan, without the knowledge of the bank / lender.

#### 5.4.3 Cut-off limits

While the penal measures would normally be attracted by all the borrowers identified as wilful defaulters or the promoters involved in diversion / siphoning of funds, keeping in view the present limit of ₹25 lakh fixed by the Central Vigilance Commission for reporting of cases of wilful default by scheduled banks to Reserve Bank of India, any wilful defaulter with an outstanding balance of ₹25 lakh or more would attract the penal measures stipulated in the paragraph below. The limit of ₹25 lakh may also be applied for the purpose of taking cognisance of the instances of 'siphoning' / 'diversion' of funds.

#### 5.4.4 Penal measures

In order to prevent access to the capital markets by the wilful defaulters, a copy of the list of wilful defaulters is forwarded by Reserve Bank of India to Securities and Exchange Board of India as well. It has also been decided that the following measures should be initiated by scheduled UCBs against the wilful defaulters:

- (i) No additional facilities be granted to the listed wilful defaulters. In addition, the entrepreneurs / promoters of companies where banks have identified siphoning / diversion of funds, misrepresentation, falsification of accounts and fraudulent transactions should be debarred from institutional finance for floating new ventures for a period of 5 years from the date the name of the wilful defaulter is published in the list of wilful defaulters by the Reserve Bank of India.
- (ii) The legal process, where warranted, against the borrowers / guarantors and foreclosure of loans should be initiated expeditiously. The lenders may also initiate criminal proceedings against wilful defaulters, wherever necessary.
- (iii) Wherever possible, the banks should adopt a proactive approach for a change of Management of the wilfully defaulting borrower unit. It would be imperative on the part of the banks to put in place a transparent mechanism for the entire process so that the penal provisions are not misused and the scope of such discretionary powers is kept to the barest minimum. It should be ensured that a solitary or isolated instance is not made the basis for imposing penal measures.

#### 5.4.5 Treatment of Group

While dealing with wilful default of a single borrowing company in a group, the banks should consider the track record of the individual company, with reference to its repayment performance to its lenders. However, in cases where a letter of comfort and / or the guarantees furnished by the companies within the group on behalf of the wilfully defaulting units are not honoured when invoked by scheduled banks, such group companies should also be reckoned as wilful defaulters.

#### 5.4.6 Role of Auditors

5.4.6.1 In case any falsification of accounts on the part of the borrowers is observed by banks, they should lodge a formal complaint against the auditors of the borrowers, with Institute of Chartered Accountant of India (ICAI) if it is observed that the auditors were negligent or deficient in conducting the audit to enable the ICAI to examine and fix accountability of the auditors.

5.4.6.2 With a view to monitoring the end-use of funds, if the lenders desire a specific certification from borrowers' auditors regarding diversion / siphoning of funds by the borrower, the lender should award a separate mandate to the auditors for the purpose. To facilitate such certification by the auditors scheduled UCBs will also need to ensure that appropriate covenants in the loan agreements are incorporated to enable award of such a mandate by the lenders to the borrowers / auditors.

#### 5.4.7 Filing of Suits to Recover Dues from Wilful Defaulters

Scheduled UCBs should examine all cases of wilful defaults of ₹1 crore and above and file suits in such cases UCBs should also examine whether in such cases of wilful defaults, there are instances of cheating / fraud by the defaulting borrowers and if so, they should also file criminal cases against those borrowers. In other cases involving amounts below ₹1 crore, banks should take appropriate action, including legal action, against the defaulting borrowers.

### 6. Prudential Guidelines on Restructuring of Advances

#### 6.1 General Principles

The basic objective of restructuring is to preserve economic value of units and not evergreening of problem accounts. This can be achieved by banks and the borrowers by careful assessment of the viability, quick detection of weaknesses in accounts and a time-bound implementation of restructuring packages. The prudential guidelines will be applicable to all categories of debt restructuring other than those restructured on account of natural calamities, which will continue to be governed by the extant guidelines. The principles and prudential norms laid down are applicable to all advances, including borrowers who are eligible for special regulatory treatment for asset classification as detailed in the prudential guideline on restructuring of advances in Master Circular- Income Recognition, Asset Classification, Provisioning and Other Related Matters – UCBs dated April 1, 2021, as amended from time to time. The revised definition of micro, small and medium enterprises has been given in [Annex-5](#)<sup>1</sup>.

#### 6.2. Eligibility Criteria for Restructuring of Advances

6.2.1 Banks may restructure the accounts classified under 'standard', 'sub-standard' and 'doubtful' categories.

6.2.2 Banks cannot reschedule / restructure / renegotiate borrowal accounts with retrospective effect. While a restructuring proposal is under consideration, the usual asset classification norms would continue to apply. The process of re-classification of an asset should not stop merely because restructuring proposal is under consideration. The asset classification status as on the date of approval of the restructured package by the competent authority would be relevant to decide the asset classification

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<sup>1</sup> Government of India (GoI), [Gazette Notification S.O. 2119 \(E\) dated June 26, 2020](#) and RBI [circular FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020](#) may be referred.

status of the account after restructuring / rescheduling / renegotiation. In case there is undue delay in sanctioning a restructuring package and in the meantime the asset classification status of the account undergoes deterioration, it would be a matter of supervisory concern.

6.2.3 Normally, restructuring cannot take place unless alteration / changes in the original loan agreement are made with the formal consent / application of the debtor. However, the process of restructuring can be initiated by the bank in deserving cases subject to customer agreeing to the terms and conditions.

6.2.4 No account will be taken up for restructuring by the banks unless the financial viability is established and there is a reasonable certainty of repayment from the borrower, as per the terms of restructuring package. The viability should be determined by the banks based on the acceptable viability benchmarks determined by them, which may be applied on a case-by-case basis, depending on merits of each case. Illustratively, the parameters may include the Return on Capital Employed, Debt Service Coverage Ratio, Gap between the Internal Rate of Return and Cost of Funds and the amount of provision required in lieu of the diminution in the fair value of the restructured advance. The accounts not considered viable should not be restructured and banks should accelerate the recovery measures in respect of such accounts. Any restructuring done without looking into cash flows of the borrower and assessing the viability of the projects / activity financed by banks would be treated as an attempt at ever greening a weak credit facility and would invite supervisory concerns / action.

6.2.5 The borrowers indulging in frauds and malfeasance will continue to remain ineligible for restructuring.

### 6.3 Compromise settlements and technical write-offs

UCBs shall adhere to the instructions contained in the [circular DOR.STR.REC.20/21.04.048/2023-24 dated June 8, 2023](#) regarding framework for compromise settlements and technical write-offs.

## 7. Specific Lending Activities

### 7.1 Bridge Loans / Interim Finance

7.1.1 The grant of bridge loan / interim finance by UCBs to any company (including finance companies) is totally prohibited.

7.1.2 The ban on sanction of bridge loans / interim finance is also applicable in respect of Euro issues.

7.1.3 The banks should not circumvent these instructions by purport and / or intent by sanction of credit under a different nomenclature like unsecured negotiable notes, floating rate interest bonds, etc. as also short-term loans, the repayment of which is proposed / expected to be made out of funds to be or likely to be mobilised from external / other sources and not out of the surplus generated by the use of the asset(s).

7.1.4 If any bank has sanctioned and disbursed any bridge loan / interim finance, it should report the same to the Regional Office concerned of the Urban Banks Department with full particulars and certifying that the loans are utilised strictly for the purpose for which the public issue and / or market borrowing was intended. Thereafter, the banks concerned should immediately take steps to ensure timely repayment of such bridge loans / interim finance already sanctioned and disbursed and under no circumstances, should the banks allow extension of time for repayment of existing bridge loans / interim finance.

7.1.5 These instructions are issued by the Reserve Bank of India in exercise of powers conferred by the Sections 21 and 35A read with section 56 of the Banking Regulation Act, 1949.

### 7.2 Advances to Real Estate and Commercial Real Estate Sector

UCBs should frame comprehensive prudential norms relating to the ceiling on the total amount of real estate loans, single / aggregate exposure limit for such loans, margins, security, repayment schedule and availability of supplementary finance taking into account guidelines issued by Reserve Bank of India and

the policy should be approved by the banks' Board. Exposure to builders and contractors for commercial real estate will include fund based and non-fund based exposures secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels etc). Further, while framing the policy, the banks may also consider for inclusion the National Building Code framed by Bureau of Indian Standards (BIS). For detailed information the website of Bureau of Indian Standards ([www.bis.gov.in](http://www.bis.gov.in)) can be accessed.

### 7.3 Financing of Leasing / Hire Purchase Companies

#### 7.3.1 Enrolment of Financial Companies as Members

7.3.1.1 UCBs are normally not expected to enrol non-banking financial institutions like investment and financial companies as their members since it would be in contravention of the State Co-operative Societies Act concerned and will also not be in conformity with the provisions of model bye-law No.9 recommended for adoption, by all banks.

7.3.1.2 Therefore, the UCBs are not permitted to finance non-banking financial companies (NBFCs), other than those engaged in hire purchase / leasing.

#### 7.3.2 Norms for financing

7.3.2.1 As in the case of finance and investment companies, admission of NBFCs which are not engaged exclusively in leasing / hire purchase business as members may be contrary to the provisions contained in the State Co-operative Societies Act concerned and model bye-law No.9 referred to above. It will, therefore, be necessary for banks to obtain prior approval of the Registrar of Co-operative Societies concerned before admitting them as members.

7.3.2.2 Even financing the Companies involved in leasing and hire purchase business by UCBs on a large scale is not favoured by the Reserve Bank of India, since the banks are basically required to cater to the credit needs of the people of small means.

7.3.2.3 Presently banks with working capital funds aggregating to ₹25 crore and above only are permitted to take up the financing of Companies involved in leasing and hire purchase business and that too, only in consortium with other scheduled commercial banks. The banks should observe the following norms, while financing such companies:

- (i) The level of finance to Companies involved in leasing and hire purchase business depends on the net owned funds of the companies, subject to the overall ceiling on their borrowings upto ten times of their owned funds.
- (ii) Bank credit to companies engaged in equipment leasing and hire purchases (i.e., at least 75 per cent of assets are in equipment leasing / hire purchase and 75 per cent of their gross income is derived from these two types of activities as per their last audited balance sheet) may be extended within the ceiling of three times of the net owned funds within the overall ceiling of their borrowings upto ten times of net owned funds.
- (iii) In the case of other equipment leasing / hire purchases companies (i.e., companies whose assets in equipment leasing / hire purchase business are less than 75 per cent and whose gross income derived from these two types of activities as per the last audited balance sheet is less than 75 per cent of its gross income), the credit limit has to be within two times of their net owned funds from the present level of four times.

### 7.4 Working Capital Finance to Information Technology and Software Industry

7.4.1 In order to bring about uniformity in approach, Reserve Bank of India has formulated guidelines for information of banks, on various aspects of lending to information technology and software industry to facilitate free flow of credit. The same were enclosed to our circular UBD.No.DS.SUB.No.4/13.05.00/98-99 dated 5 October 1998, addressed to scheduled UCBs. Banks are, however, free to modify the

guidelines based on their own experience without reference to Reserve Bank of India to achieve the purpose of the guidelines in letter and spirit.

7.4.2 These guidelines have been framed based on the recommendations made by the study group appointed by Reserve Bank of India to study the modalities of credit extension to software industry as also taking into account the suggestions made by the industry associations.

7.4.3 UCBs may take adequate steps to develop expertise in this area by training staff in project appraisal in the area of activity. It has to be ensured that the staff concerned is well aware of the requirements of the industry and remain in tune with the latest developments so that the higher standards of project appraisal can be maintained before extending the working capital finance to Information Technology and software industries.

## 7.5 Advances against pledge of Gold / Silver Ornaments

7.5.1 In order to mitigate the inherent risks attached to sanction of loans and advances against gold / silver ornaments, UCBs are advised to observe the safeguards as detailed in [Annex-6](#).

### 7.5.2 Bullet Repayment

With effect from October 30, 2014 the quantum of loans against gold ornaments that could be granted under the bullet repayment scheme with the approval of their bank's Board has been enhanced from ₹1 lakh to ₹2 lakh subject to the following guidelines:

- (i) The amount of loan sanctioned should not exceed ₹2 lakh at any point of time.
- (ii) The period of the loan shall not exceed 12 months from the date of sanction.
- (iii) Interest will be charged to the account at monthly rests but will become due for payment along with principal only at the end of 12 months from the date of sanction.
- (iv) Banks should maintain a Loan to Value (LTV) ratio of 75% on the outstanding amount of loan including the interest on an ongoing basis, failing which the loan will be treated as Non Performing Asset (NPA).
- (v) Such loans shall be governed by the extant income recognition, asset classification and provisioning norms which shall be applicable once the principal and interest become overdue.

7.5.3 Crop loans sanctioned against the collateral security of gold ornaments shall continue to be governed by the extant income recognition, asset classification and provisioning norms for such loans.

7.5.4 Hallmarking of gold jewellery ensures the quality of gold used in the jewellery as to caratage, fineness and purity. Banks would find granting of advances against the security of such hallmarked jewellery safer and easier. Preferential treatment of hallmarked jewellery is likely to encourage practice of hallmarking which will be in the long-term interest of consumers, lenders and the industry. Therefore, banks while considering granting advances against jewellery may keep in view the advantages of hallmarked jewellery and decide on the margin and rates of interest thereon.

7.5.5 In view of the concerns arising out of the significant rise in import of gold in recent years, UCBs were advised not to grant any advance for purchase of gold in any form, including primary gold, gold bullion, gold jewellery, gold coins, units of gold Exchange Traded Funds (ETF) and units of gold Mutual Funds.

7.5.6 As a prudential measure, it has been decided to prescribe a Loan to Value (LTV) Ratio of not exceeding 75 per cent for UCBs' lending against gold jewellery (including bullet repayment loans against pledge of gold jewellery). Further, in order to standardize the valuation and make it more transparent to the borrower, it has been decided that gold jewellery accepted as security/collateral will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd. [Formerly known as the Bombay Bullion Association Ltd. (BBA)]. In terms of [circular DCBR.BPD. \(PCB/RCB\). Cir. No. 3/13.05.001/2015-16 dated October 15, 2015](#), UCBs may

also use the historical spot gold price data of the preceding 30 days publicly disseminated by a Commodity Exchange regulated by the Securities and Exchange Board of India. If the gold is of purity less than 22 carats, the bank should translate the collateral into 22 carat and value the exact grams of the collateral. In other words, jewellery of lower purity of gold shall be valued proportionately.

#### 7.6 Grant of Loans for Acquisition of / Investing in Small Savings Instruments including Kisan Vikas Patras (KVP)

Grant of loans for acquiring / investing in KVPs does not promote fresh savings and, rather, channelise the existing savings in the form of bank deposits to small savings instruments and thereby defeat the very purpose of such schemes. Banks may therefore ensure that no loans are sanctioned for acquisition of / investing in small savings instruments including KVPs.

#### 7.7 Lending to Public Sector Undertakings

UCBs are advised, as a matter of principle, generally not to grant large value loans to Public Sector / Government Undertakings.

### 8. Discounting / Rediscounting of Bills by Banks

UCBs may adhere to the following guidelines while purchasing / discounting / negotiating / rediscounting of genuine commercial / trade bills:

8.1 Since banks have already been given freedom to decide their own guidelines for assessing / sanctioning working capital limits of borrowers, they may sanction working capital limit as also bills limit to borrowers after proper appraisal of their credit needs and in accordance with the loan policy as approved by their Board of Directors.

8.2 Banks should clearly lay down a bill discounting policy approved by their Board of Directors, which should be consistent with their policy of sanctioning of working capital limits. In this case, the procedure for Board approval should include banks' core operating process from the time the bills are tendered till these are realised. Banks may review their core operating processes and simplify the procedure in respect of bills financing. In order to address the problem of delay in realisation of bills, banks may take advantage of improved computer / communication network like Structured Financial Messaging System (SFMS), wherever available, and adopt the system of 'value dating' of their clients' accounts.

8.3 Banks should open letters of credit (LCs) and purchase / discount / negotiate bills under LCs only in respect of genuine commercial and trade transactions of their borrower constituents who have been sanctioned regular credit facilities by the banks. Banks should not, therefore, extend fund based (including bills financing) or non-fund based facilities like opening of LCs, providing guarantees and acceptances to non-constituent borrower or / and non-constituent member of a consortium / multiple banking arrangement.

8.4 With effect from March 30, 2012, in case of bills drawn under LCs restricted to a particular UCB, and the beneficiary of the LC is not a borrower who has been granted regular credit facility by that UCB, the UCB concerned may, as per their discretion and based on their perception about the credit worthiness of the LC issuing bank, negotiate such LCs, subject to the condition that the proceeds will be remitted to the regular banker of the beneficiary of the LC. However, the prohibition regarding negotiation of unrestricted LCs for borrowers who have not been sanctioned regular credit facilities will continue to be in force.

8.5 UCBs negotiating bills as above, under restricted LCs, would have to adhere to the instructions of the Reserve Bank / RCS or CRCS regarding share linking to borrowing and provisions of Co-operative Societies Act on membership.

8.6 For the purpose of credit exposure, bills purchased / discounted / negotiated under LC (where the payment to the beneficiary is not made 'under reserve') will be treated as an exposure on the LC issuing bank and not on the borrower. All clean negotiations as indicated above will be assigned the risk weight as is normally applicable to inter-bank exposures, for capital adequacy purposes. In the case of



negotiations 'under reserve' the exposure should be treated as on the borrower and risk weight assigned accordingly.

8.7 While purchasing / discounting / negotiating bills under LCs or otherwise, banks should establish genuineness of underlying transactions / documents.

8.8 Banks should ensure that blank LC forms are kept in safe custody as in case of security items like blank cheques, demand drafts etc. and verified / balanced on daily basis. LC forms should be issued to customers under joint signatures of the bank's authorised officials.

8.9 The practice of drawing bills of exchange claused 'without recourse' and issuing letters of credit bearing the legend 'without recourse' should be discouraged because such notations deprive the negotiating bank of the right of recourse it has against the drawer under the Negotiable Instruments Act. Banks should not, therefore, open LCs and purchase / discount / negotiate bills bearing the 'without recourse' clause.

8.10 Accommodation bills should not be purchased / discounted / negotiated by banks. The underlying trade transactions should be clearly identified, and a proper record thereof maintained at the branches conducting the bills business.

8.11 Banks should be circumspect while discounting bills drawn by front finance companies set up by large industrial groups on other group companies.

8.12 Bills rediscounts should be restricted to usance bills held by other banks. Banks should not rediscount bills earlier discounted by NBFCs except in respect of bills arising from sale of light commercial vehicles and two / three wheelers.

8.13 Banks may exercise their commercial judgment in discounting of bills of services sector. However, while discounting such bills, banks should ensure that actual services are rendered, and accommodation bills are not discounted. Services sector bills should not be eligible for rediscounting. Further, providing finance against discounting of services sector bills may be treated as unsecured advance and therefore, should be within the limits prescribed by Urban Banks Department for sanction of unsecured advances.

8.14 In order to promote payment discipline which would to a certain extent encourage acceptance of bills, all corporate and other constituent borrowers having turnover above threshold level as fixed by the bank's Board of Directors should be mandated to disclose 'aging schedule' of their overdue payables in their periodical returns submitted to banks.

8.15 Banks should not enter into Repo transactions using bills discounted / rediscounted as collateral.

8.16 Any violation of these instructions will be viewed seriously and invite penal action from Reserve Bank of India.

## **9. Loans to Self Help Groups (SHGs) / Joint Liability Groups (JLGs)**

UCBs may lend to SHGs and JLGs as per their Board approved policy framed in this regard, according to the guidelines prescribed below:

### **9.1 Lending Policy**

Lending to SHGs / JLGs would be considered as normal business activity of the bank. UCBs will be required to frame, with the approval of their Board, a comprehensive policy on lending to SHGs / JLGs. This policy, including the maximum amount of loan, interest rate chargeable on loans etc. should form part of overall credit policy of the bank.

## 9.2 Method of Lending

UCBs may follow the method of lending directly to SHGs / JLGs. Lending through intermediaries will not be permitted.

## 9.3 Enrolment of SHG / JLG as Member

9.3.1 SHGs are small groups, formal / informal, of individuals promoting savings habit among members. These savings are then lent by the group to the members for income generating purposes. On the other hand, JLG is an informal group of individuals coming together for the purpose of availing of bank loan either singly or through the group mechanism against mutual guarantee in order to engage in similar type of economic activities.

9.3.2 The SHG would normally consist of 10 to 20 members whereas a JLG would normally have between 4 and 10 members. Membership matters are governed by the byelaws adopted by the bank and provisions of respective State Co-operative Societies Acts or the Multi State Co-operative Societies Act, 2002. UCBs would, therefore, be required to be guided by the provisions contained in the respective Act and take prior approval of the RCS / CRCS, wherever required, while enrolling such members and granting loans to SHGs / JLGs. The byelaws of UCBs also need to provide for such lending.

## 9.4 Share Linking Norms

The extant instructions on share linking to borrowing would apply for lending to SHGs / JLGs.

## 9.5 Nature of Loan - Secured or Unsecured

The extant limits (individual and total) on grant of unsecured loans and advances will not apply to loans granted to SHGs. However, loans granted by UCBs to JLGs, to the extent not backed by tangible security, will be treated as unsecured and will be subject to the extant limits on unsecured loans and advances.

## 9.6 Nature of Exposure

Individual or Group: Loans granted to SHGs / JLGs would be governed by the extant guidelines on individual exposure limits.

## 9.7 Amount of Loan

The maximum amount of loan to SHGs should not exceed four times of the savings of the group. The limit may be exceeded in case of well managed SHGs subject to a ceiling of ten times of savings of the group. The groups may be rated on the basis of certain objective parameters such as proven track record, savings pattern, recovery rate, housekeeping etc. JLGs are not obliged to keep deposits with the bank and hence the amount of loan granted to JLGs would be based on the credit needs of the JLG and the bank's assessment of the credit requirement.

## 9.8 Margin and Security for the Loan

Margin / security requirement will be as per Board approved policy of the UCB concerned.

## 9.9 Documentation

UCBs may prescribe simple documentation for loans to be granted to SHGs / JLGs keeping in view the purpose of the loan and the status of the borrower.

## 9.10 Priority Sector

UCBs shall be guided by instructions contained at paras 8.1, 15.1, 15.2, 16.1 (vi) of the [Master Direction FIDD.CO.Plan.BC.5/04.09.01/2020-21 dated September 04, 2020](#), amended from time to time.

## 9.11 Opening of Savings Bank Account

The SHGs / JLGs would be eligible to open Savings Bank account with UCBs.

## 9.12 KYC Norms

KYC verification of all the members of SHG need not be done while opening the savings bank account of the SHG and KYC verification of all the office bearers would suffice. As regards KYC verification at the time of credit linking of SHGs, as KYC would have already been verified while opening the savings bank account and the account continues to be in operation and is to be used for credit linkage, no separate KYC verification of the members or office bearers is necessary.

## 10 Revival of the Interest Tax Act 1974 - Collection from Borrowers

10.1 The Hon'ble Supreme Court in its Judgment dated April 16, 2004 has ordered that excess interest collected by the banks from the borrowers through rounding off the applicable interest rate should be recovered from the banks and credited to a Trust to be created for the benefit of disadvantaged people. The Hon'ble Court had also directed that each concerned bank shall contribute to the extent of ₹50 lakh to the said Fund. Accordingly, UCBs are advised that excess amount realised, if any, from their borrowers towards interest tax by way of rounding off, may be deposited with the above referred Trust Fund. The Ministry of Social Justice and Empowerment has opened SB A/c No.65012067356 with the State Bank of India (erstwhile State Bank of Patiala), Shastri Bhavan Branch, New Delhi in the name of the Trust. UCBs, which have realised excess amount from the borrowers, towards interest tax by way of rounding off to the next higher 0.25% are liable to deposit the said amount to the Trust Fund. As regards contribution of ₹50 lakh to the Trust Fund, it is for the UCBs concerned which have collected excess amount, to decide depending upon the facts and circumstances of the case.

10.2 Supreme Court in its Order dated February 21, 2014 in Writ Petition (Civil) No.301 of 2005 ordered that credit institutions which were in existence between October 1991 and March 1997 but were merged with another bank / financial institution prior to the date of the Supreme Court Order in April 2004 or merged subsequently, the transferee banks are liable to contribute to the extent of 50 lakh each as also deposit the excess amount collected by way of rounding off the interest tax on the interest income on loans and advances by the transferor banks, to the Trust Fund. In view of this all UCBs were advised to take suitable action in accordance with the Order dated February 21, 2014 of the Supreme Court and report status to the concerned Regional Office of RBI.

## 11. Guidelines on Relief Measures to be Extended by Banks in Areas Affected by Natural Calamities

11.1 UCBs are expected to provide relief and rehabilitation assistance, in their area of operation to people affected by natural calamities such as droughts, floods, cyclones, etc. The guidelines are given in [Annex-7](#).

11.2 In order to avoid delay in taking relief measures on the occurrence of natural calamity, banks should evolve a suitable policy framework with the approval of the Board of Directors. An element of flexibility may be provided in the measures so as to synchronise the same with the measures which could be appropriate in a given situation.

11.3 Banks should get the documentation settled as per revised guidelines in consultation with their legal departments, taking into account the relevant provisions of the Contract Act and the Limitations Act and may issue appropriate instructions to their offices in respect of documentation in relation to cases covered by these guidelines.

**Guidelines on Valuation of Properties –  
Empanelment of Valuers (Paragraph No. 4.9)**

Banks may be guided by the following aspects while formulating a policy on valuation of properties and appointment of valuers:

**a) Policy for Valuation of Properties**

- i) Banks should have a Board approved policy in place for valuation of properties including collaterals accepted for their exposures.
- ii) The valuation should be done by professionally qualified independent valuers i.e., the valuer should not have a direct or indirect interest.
- iii) The banks should obtain minimum two Independent Valuation Reports for properties valued at ₹50 crore or above.

The revaluation policy of fixed assets should, *inter alia*, cover procedure for identification of assets for revaluation, maintenance of separate set of records for such assets, the frequency of revaluation, depreciation policy for such assets, policy for sale of such revalued assets, etc. The policy should also cover the disclosure required to be made in the 'Notes on Account' regarding the details of revaluation such as the original cost of the fixed assets subject to revaluation and accounting treatment for appreciation / depreciation etc. As the revaluation should reflect the change in the fair value of the fixed asset, the frequency of revaluation should be determined based on the observed volatility in the prices of the assets in the past. Further, any change in the method of depreciation should reflect the change in the expected pattern of consumption of the future economic benefits of the assets. The banks should adhere to these principles meticulously while changing the frequency of revaluation / method of depreciation for a particular class of asset and should make proper disclosures in this regard.

**b) Policy for Empanelment of Independent Valuers**

- i) Banks should have a procedure for empanelment of professional valuers and maintain a register of 'approved list of valuers'.
- ii) Banks may prescribe a minimum qualification for empanelment of valuers. Different qualifications may be prescribed for different classes of assets (e.g. land & building, plant & machinery, agricultural land, etc). While prescribing the qualification, banks may take into consideration the qualifications prescribed under Section 34AB (Rule 8A) of the Wealth Tax Act, 1957.

2. Banks may also be guided by the relevant Accounting Standard issued by the Institute of Chartered Accountants of India.

[vide paragraph 5.1.2]

**i. Credit Information Reports (CIRs) / Credit Bureau Usage in all Lending Decisions and Account Opening:** Urban Cooperative Banks (UCBs) should include in their credit appraisal processes / loan policies, suitable provisions for obtaining CIRs from one or more Credit Information Companies (CICs) so that the credit decisions are based on information available in the system.

**ii. Populating Commercial Data Records in Databases of all CICs:** A roadmap in regard to CICs populating their databases in respect to corporate borrowers is required to be laid out. For this purpose, UCBs are advised to report data in respect of their corporate borrowers to the CICs in a timely manner with immediate effect. After a period of six months, UCBs should start using data available with the CICs in respect of commercial / corporate borrowers, under a Board approved policy.

**iii. Standardisation of Data Format:** With a view to streamlining the process of data submission by UCBs to CICs, it has been decided to standardise the formats for data submission by the UCBs to the CICs. The data format as per [Appendix - A](#) should be taken as the base for standardisation of data format for consumer and commercial borrowers. The data format would be a non-proprietary reporting format and henceforth would be known as "Uniform Credit Reporting Format". The segment viz. consumer and commercial will be denoted appropriately in parentheses, for example, "Uniform Credit Reporting Format (Consumer)". These should be uniformly adopted by the UCBs.

**iv. Technical Working Group:** It has been decided to constitute a Technical Working Group comprising of representatives from Scheduled Commercial Banks (a member each from a Public Sector Bank, a Private Sector Bank and a Foreign Bank), Urban Cooperative Banks, Regional Rural Banks (RRBs), All India Notified Financial Institutions, CICs, NBFCs, HFCs, IBA and MFIN to institutionalise a continuing mechanism for reviewing and making changes where necessary to the data formats. The data formats after finalisation by the Group will be submitted to RBI for approval. The Working Group should also incorporate the additional fields as detailed in [Appendix - B](#).

**v. Rectification of Rejected Data:** CICs are required to share with UCBs the logic and validation processes involved in data acceptance so that instances of data rejection can be minimised. The reasons for rejection need to be parameterised and circulated among the UCBs concerned. Rejection reports should be made simple and understandable so that they can be used for fixing reporting and data level issues. UCBs should rectify the rejected data and upload the same with the CICs within seven days of receipt of such rejection report.

**vi. Data Quality Index:** A common Data Quality Index would assist UCBs in determining the gaps in their data and also move towards improving their performance over a period of time. In addition, they would also be able to rank their own performance against that of their peers and identify their relative position. UCBs may adopt this Data Quality Index for assessing the quality of data submissions and make efforts towards improving data quality and minimising data rejections, within a time period of six months.

**vii. Best Practices for UCBs:** Every UCB should take into account the best practices as detailed in [Appendix - C](#) while formulating or reviewing the policy and procedure under the Credit Information Companies (Regulation) Act, 2005 (CICRA) with the approval of their Board of Directors.

## Uniform Credit Reporting Format for Consumer and Commercial Borrowers

## A. Consumer Bureau

Segments	Fields						
<b>Header</b>	Reporting Member /Processor User ID	Reporting Member /Processor Short Name	Cycle Identification	Date Reported and Certified	Reporting Password	Authentication Method	Member Data
<b>Name</b>	Consumer Name	Date of Birth	Gender				
<b>ID</b>	ID Type	ID Number	Issue Date	Expiration Date			
<b>Telephone</b>	Telephone Number	Telephone Extension	Telephone Type				
<b>Email</b>	E-Mail ID						
<b>Addresses</b>	Consumer Address	State Code	PIN Code	Address Category	Residence Code		
<b>Account</b>	Current/New Reporting Member Code	Current/New Member Short Name	Current/New Account Number	Account Type	Ownership Indicator	Date Opened/Disbursed	Date of Last Payment
	Date Closed	Date Reported and Certified	High Credit/Sanctioned Amount	Current Balance	Amount Overdue	Number of Days Past Due	Old Reporting Member Code
	Old Member Short Name	Old Account Number	Old Account Type	Old Ownership Indicator	Suit Filed/Wilful Default	Credit Facility Status	Asset Classification
	Value of Collateral	Type of Collateral	Credit Limit	Cash Limit	Rate of Interest	Repayment Tenure	EMI Amount
	Written-off Amount (Total)	Written-off Amount (Principal)	Settlement Amount	Payment Frequency	Actual Payment Amount	Occupation Code	Income
	Net/Gross Income Indicator	Monthly/Annual					

		Income Indicator					
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## B. Commercial Bureau

Segments	Fields						
<b>Header</b>	Member ID	Previous Member ID	Date of Creation & Certification of Input File	Reporting / Cycle Date	Information Type	Filler	
<b>Borrower</b>	Member Branch Code	Previous Member Branch Code	Borrowers Name	Borrower Short Name	Company Registration Number	Date of Incorporation	
	PAN	CIN	TIN	Service Tax #	Other ID	Borrowers Legal Constitution	Business Category
	Business/ Industry Type	Class of Activity 1	Class of Activity 2	Class of Activity 3	SIC Code	Sales Figure	Financial Year
	Number of Employees	Credit Rating	Assessment Agency / Authority	Credit Rating As On	Credit Rating Expiry Date	Filler	
<b>Address</b>	Borrower Office Location Type	Borrower Office DUNS Number	Address Line 1	Address Line 2	Address Line 3	City/Town	District
	State/Union Territory	Pin Code	Country	Mobile Number(s)	Telephone Area Code	Telephone Number(s)	Fax Area Code
	Fax Number(s)	Filler					
<b>Relationship</b>	Relationship DUNS Number	Related Type	Relationship	Business Entity Name	Business Category	Business / Industry Type	Individual Name Prefix
	Full Name	Gender	Company Registration Number	Date of Incorporation	Date of Birth	PAN	Voter ID
	Passport Number	Driving Licence ID	UID	Ration Card No	CIN	DIN	TIN
	Service Tax #	Other ID	Percentage of Control	Address Line 1	Address Line 2	Address Line 3	City/Town
	District	State/Union Territory	Pin Code	Country	Mobile Number(s)	Telephone Number(s)	Telephone Area Code
	Fax Number(s)	Fax Area Code	Filler				

<b>Credit Facility</b>	Account Number	Previous Account Number	Facility / Loan Activation / Sanction Date	Sanctioned Amount/ Notional Amount of Contract	Currency Code	Credit Type	Tenure / Weighted Average maturity period of Contracts
	Repayment Frequency	Drawing Power	Current Balance / Limit Utilized /Mark to Market	Notional Amount of Outstanding Restructured Contracts	Loan Expiry / Maturity Date	Loan Renewal Date	Asset Classification
	Asset Classification Date	Amount Overdue / Limit Overdue	Overdue Bucket 01 (1 – 30 days)	Overdue Bucket 02 (31 – 60 days)	Overdue Bucket 03 (61 – 90 days)	Overdue Bucket 04 (91 – 180 days)	Overdue Bucket 05 (Above 180 days)
	High Credit	Instalment Amount	Last Repaid Amount	Account Status	Account Status Date	Written Off Amount	Settled Amount
	Major reasons for Restructuring	Amount of Contracts Classified as NPA	Asset based Security coverage	Guarantee Coverage	Bank Remark Code	Wilful Default Status	Date Classified as Wilful Default
	Suit Filed Status	Suit Reference Number	Suit Amount in Rupees	Date of Suit	Dispute ID No.	Transaction Type Code	Filler
<b>Guarantor</b>	Guarantor DUNS	Guarantor Type	Business Category	Business / Industry Type	Guarantor Entity Name	Individual Name Prefix	Full Name
	Gender	Company Registration Number	Date of Incorporation	Date of Birth	PAN	Voter ID	Passport Number
	Driving Licence ID	UID	Ration Card No	CIN	DIN	TIN	Service Tax #
	Other ID	Address Line 1	Address Line 2	Address Line 3	City/Town	District	Territory
	Pin Code	Country	Mobile Number(s)	Telephone Area Code	Telephone Number(s)	Fax Area Code	Fax Number(s)
	Filler						
<b>Security</b>	Value of Security	Currency Type	Type of Security	Security Classification	Date of Valuation	Filler	
<b>Dishonour of Cheques</b>	Segment Identifier	Date of Dishonour	Amount	Instrument / Cheque Number	Number of times dishonoured	Cheque Issue Date	Reason for Dishonour



	Filler						
<b>File Closure</b>	Number of Borrower Segments	Number of Credit Facility Segments	Filler				

## Changes in Data Format

The Technical Working Group [please see paragraph 2 (iv) of the circular] of banks, All India Notified Financial Institutions, CICs, NBFCs and HFCs, in association with IBA / MFIN, should review the data format periodically, say once a year and suggest modifications to the same. To start with, the Working Group may take up on priority basis changes required in the commercial segment and also in the following areas:

**i. Additional Fields in Data Format:** Annex 5 of the Report contains certain additional fields for inclusion in data format (field names and their benefits). Accordingly, except for priority sector indicator field, other fields may be incorporated in the consumer data format. For vehicles, only vehicle make and registration number would be compulsory and not the chassis number. The registration number of property registered with Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) needs to be added by the CICs. [Recommendation 8.10 (b)]

**ii. Compromise Settlements:** Data formats should include cases where compromise settlements have taken place and the reason for such compromise settlements. [Recommendation 8.10 (c)]

**iii. Detailed Product Classification:** UCBs should report detailed product classification to the CICs, e.g., car loans, commercial vehicles and construction equipment vehicles, under auto loans. CICs should also include the same in their reports to the UCBs. [Recommendation 8.10 (d)]

**iv. Information Regarding Relationship / Guarantor:** UCBs should capture certain information pertaining to relationship / guarantor fields of the Corporates viz. the Business category / type, Mobile / Telephone number, State / PIN-code / Country in their Core Banking Solutions / System and report the same to the commercial bureau of the CICs. [Recommendation 8.10 (e)]

**v. Members of Self Help Groups (SHG):** Credit information on individual members of SHGs is critical to establish their credit history which would in turn foster growth of credit to the sector and promote financial inclusion. Therefore, UCBs may obtain data on individual members of SHGs and start reporting the same to CICs within six months. [Recommendation 8.10 (f)]

**vi. Cross Reporting:** Guidelines for cross reporting, e.g., where individual is borrower and corporate is co-borrower, or *vice versa*, should be clearly intimated by CICs. The formats have fields to incorporate the data where consumer data will be reported in the consumer bureau and co-borrower will be reported in commercial bureau. [Recommendation 8.10 (h)]

**vii. Reporting Days Past Due:** UCBs are mandated to report Days Past Due (DPD), for the credit facilities extended by them to consumers and corporates, while reporting to the CICs. [Recommendation 8.10 (i)]

**viii. Treatment of Part Instalment Due:** UCBs are required to submit data as it is while qualitative information on what filters to apply based on amount and period could be done by the specified users and others who make use of the data. [Recommendation 8.10 (j)]

**ix. Income Data:** Income data of the borrowers under the consumer bureau may continue to be reported by the UCBs to the CICs. [Recommendation 8.10 (k)]

**x. Identification Numbers:** In the commercial segment, corporate identification number (CIN) and credit history of the directors of the company (based on DIN number) should be reported by the UCBs to the CICs and included by the CICs in their reports. [Recommendation 8.10 (l)]

**xi. Software for Reporting:** RBI is generally in agreement that there should be only one format for uploading and reverting reject data from the CIC as conversions / reconversions between formats like Excel / TUDF / Notepad, etc., during the process of furnishing data create validation issues. However, the Technical Working Group [please see paragraph 2 (iv) of the circular] of banks, CICs, NBFCs, etc. may further deliberate on this issue and make suitable suggestions, if considered necessary to RBI in this regard. [Recommendation 8.10 (m)]

**xii. Written-off and Settled Status of Accounts:** While reporting their credit data, UCBs should use 'settled' status for denoting only specific situations where due to financial inability to repay as per original terms and conditions, either a principal or an interest waiver or both is provided to the customer. UCBs need to be aware of such a situation prior to extending fresh credit to such a customer. Cases of wrong debits or contested charges should not be reported by UCBs as 'settled' but as 'disputed' as per the new field suggested for inclusion in the data format at Annex 5 of the Report. [Recommendation 8.12 (b)]

**xiii. Major Reasons for Restructuring:** This field in the commercial data format helps in understanding whether the restructuring of loan of the borrower was due to external/extraneous factors such as external environment, general downturn in economy, etc., or company / borrower specific issues such as change in management, performance of promoters, etc. [Recommendation 8.13 (c)]

**xiv. Minimum of One Identifier Field in Data:** Data submitted by UCBs should be populated with at least one of the identifier fields, viz., PAN Card No., Passport No., Driving Licence No., Voter ID Card No., Aadhaar No., Telephone number, etc. [Recommendation 8.15]

### Best Practices for Urban Cooperative Banks

Every UCB should take the following best practices into account while formulating or reviewing the policy and procedure under the CICRA with the approval of their Board of Directors:

- i. UCBs should ensure that the records submitted to CICs are updated regularly and that no instances of repayment, including that of the last instalment, are left unreported.
- ii. Instances of non-updation of repayment information could be avoided by centralising the issue of NOCs and providing information to CICs.
- iii. All UCBs should have nodal officers for dealing with CICs.
- iv. Customer grievance redressal should be given top priority especially in respect of complaints relating to updation/alteration of credit information.
- v. Grievance redressal in respect of credit information should be integrated with the existing systems for grievance redressal. Aspects relating to customer grievances pertaining to credit information may also be an integral part of customer service policy of UCBs.
- vi. UCBs should abide by the period stipulated under CICRA and the Rules and Regulations framed hereunder in respect of updation, alteration of credit information, resolving disputes, etc. Procedure prescribed under Rule 20 and 21 of the Credit Information Companies Rules, 2006 in this regard should be adhered to. Deviations from stipulated time limits should be monitored and commented upon in the periodical reports/reviews put up to the Board/Committees of Board on customer service.
- vii. Updation of credit information should take place on a monthly basis or at such shorter intervals as may be mutually agreed upon between the UCB and the CIC.
- viii. All UCBs should give full customer information to the CICs. For instance, identifier information like PAN No., Aadhaar No., Voters ID Card No., etc., is not provided by UCBs for all records.
- ix. UCBs should mandate the usage of CIRs in their credit appraisal process.
- x. First time borrowers' loan applications should not be rejected just because they have no credit history.
- xi. UCBs and CICs should ensure that the credit records of borrowers are regularly updated by UCBs and that issues such as where repayment of the last instalment of a loan does not get reported does not arise. [Recommendation 8.31]
- xii. With a view to decreasing court cases involving UCBs and CICs, complaints need to be addressed by them on an urgent basis. UCBs and CICs should have a structured process of complaint redressal for which a Consumer Protection Committee under the Board should be constituted. [Recommendation 8.34]

[vide paragraph 5.1.3]

## Credit information reporting in respect of Self Help Group (SHG) members

### I. Structure of credit information collection and reporting

1. The structure of the credit information in respect of SHG members to be collected and reported by banks to the CICs is set out below.

1	Information to be collected by banks from individual SHG members where the total amount of loan to be attributed to or to be availed by the SHG member exceeds ₹30,000/-	Table 1
2	Information to be collected by banks from individual SHG members where the total amount of loan to be attributed to or to be availed by the SHG member is upto ₹30,000/-	Table 2
3	Information on all individual SHG members to be reported by banks to CICs	Table 3
4	Information on individual SHG members to be collected by banks at the time of opening of new Savings Bank Accounts of the SHG	Table 4

2. The data tables are given in the [Appendix D](#). As indicated above, banks shall collect information from all SHG members in Tables 1 and 2 and report it to the CICs as set out in Table 3. The tables have been designed based on the following considerations:

(i) Some of the information (Item number 17 of Tables 1 and 2) is related to the existing exposures of the SHG members including that of the SHG groups with whom they might have been previously associated. This is intended to help banks make informed credit decisions with regard to the SHG members. This information may be collected by banks directly from the CICs based on lead information provided by the SHG members. Hence, there would be no need for banks to include this information in the dataset reported to the CICs as per Table 3.

(ii) The information requirements will be implemented in two phases. The first phase will commence from 1 July 2016 and last for one year. The depth of the credit-related information to be collected would increase in Phase II to be implemented from 1 July 2017. Additions/modifications to be effected during Phase II are indicated in the last column of Tables 1 and 2.

(iii) The collection and reporting of credit information in respect of SHG members will be restricted to the members of those SHGs that take bank loans exceeding ₹1,00,000/-. However, the members of all SHGs, regardless of the amount of group loan, shall report the non-credit information to banks through the SHG Group at the time when the SHG approaches the bank for a loan.

(iv) Subject to (iii) above, the credit information requirements for SHG members having a share above ₹30,000 or more in the SHG loan is more detailed than that in respect of those upto ₹30,000. The difference will be reduced, though not totally eliminated, as some more details are added to the latter in Phase II.

(v) The non-credit information requirements have been designed both from the perspective of identification of the individual borrowers and supplementing the information requirements of banks, regulatory and government development agencies for the purpose of evaluating the flow of credit to various sub-segments of the SHG members and designing suitable credit penetration strategies keeping in view the socio-economic profile of the sub-segments. The information shall be reported by banks to the CICs in a manner that allows the CICs to identify all members associated with a particular SHG and a particular person to be identified with all SHGs with whom he/she is/was associated.

3. Banks shall put in place necessary systems and procedures including making necessary changes to their system software so as to be able to begin collection of the relevant information from the SHG

members and reporting the required information to the CICs from 1 July 2016 (Phase I) and 1 July 2017 (Phase II).

4. Banks have the option to collect and report the SHG member level data either themselves or by outsourcing it to other entities. However, banks shall follow all general instructions on outsourcing set out in [DOR.ORG.REC.27/21.04.158/2021-22 dated June 28, 2021](#) as amended from time to time to the extent applicable and shall continue to be responsible for the correctness of the data submitted by the outsourced agencies to the CICs. Banks must put in place appropriate controls to ensure the correctness of the data submitted by the entities to which it is outsourced.

5. Banks shall immediately start monitoring the NPA levels in the SHG segment on an ongoing basis, if not being already done, and collect detailed information from SHG members availing of loans exceeding a lower threshold of ₹20,000, if the gross NPA in the SHG segment exceeds 10% or is higher than the total gross NPA of the bank by 5 percentage points.

6. Non-adherence to the above instructions by Urban Cooperative Banks shall result in exclusion of non-compliant SHG loan accounts from the loan portfolios eligible to be reckoned for the purpose of complying with the Priority Sector Loan (PSL) targets. The determination with regard to loans qualifying for PSL benefit would be made at the end of each phase, based on a review of the compliance with the credit and non-credit information requirements as applicable to that phase.

## **II. Other operational instructions**

7. At this stage, it is envisaged to capture details of only the credit facilities availed of by the SHG member from the banks and MFIs. Therefore, any information relating to inter-loaning among the SHG members out of their own savings will not be covered. However, in order to know the overall indebtedness of a SHG member it may be necessary to know their exposures to the SHGs with regard to inter-loaning as well. As part of the continued endeavour to improve the quality of information of a SHG member, the need for capturing the inter-loaning would be reviewed after stabilisation of Phase II.

8. Given significant challenges in monitoring and reporting the performance of individual loans availed by the SHG members out of the amounts lent by banks to the SHGs, it is also not envisaged to extend the credit reporting system to the monitoring of repayment and recovery of these loans. However, this will also be considered after Phase II has taken ground.

9. With a view to building up the adequate information base of the potential SHG member borrowers and expediting the process of collection and reporting of KYC compliant information relating to the members of the SHGs when the SHGs are credit-linked, banks are encouraged to offer Small Accounts/ Basic Savings Bank Deposit Account to the SHG members when an SHG approaches them for opening its Savings Account. In cases where the SHG members agree to open such accounts, the information in Table 4 may be collected and kept on record to be used at the time when the SHG approaches the bank for a loan. However, it must not be made a pre-condition for opening the Savings Account of the SHG.

10. None of the data requirements specified in this circular should be made a pre-condition for extending loans to the SHGs, though banks must make sincere efforts to comply with these requirements.

11. Banks may encourage the SHGs to keep written records of loans distributed to their members out of the bank loan including the digitization scheme for SHGs of NABARD, where applicable, and may consider introducing appropriate incentives in this regard.

12. Banks shall develop appropriate policies to deal with applications for credit facilities from members of SHGs/SHGs on whom default is reported by the CICs. Care needs to be taken that the SHGs/individual members are not denied loans merely because of such defaults and banks should appropriately evaluate the credit history of the members themselves and take into account the economic viability of their activity/ies and the Groups' capacity to service the loan proposed to be taken by considering their loan applications.

13. The credit information relating to individual SHG members shall be collected, reported and disseminated as per the provisions of the Credit Information Companies (Regulations) Act, 2005 and the extant RBI directions on credit information reporting by banks and MFIs.

### **III. Specific instructions to the CICs**

14. The CICs shall make the necessary changes in their systems and procedures to implement the above directions as per the timelines indicated above.

15. CICs shall formulate appropriate policies with the approval of their Boards to share the credit information relating to SHGs or SHG members, on an aggregate basis with the Government agencies, NABARD, banks and MFIs for the purpose of credit planning and research. In accordance with their board approved policies, the CICs could also share the aggregate information with other parties for the purpose of undertaking research that could potentially benefit the SHG segment. The aggregate information shall be shared in a manner that is non-discriminatory and respects the confidentiality of the individual SHG groups and the SHG members as per the relevant laws of the country.

## Information to be collected by banks

**Table 1: Information to be collected from individual SHG members where the total amount of loan to be attributed to or to be availed by the SHG member exceeds ₹30,000<sup>3</sup>**

Particulars required	Particulars provided	Basis	Modifications during Phase II
I. Non-Credit information			
1. Name of the SHG		To be provided by the SHG member	
2.Savings Bank Account Number of the SHG		To be provided by the SHG member	
3.Loan Account Number of the SHG		To be assigned by the bank	
4.Name of the SHG member		As it appears on the identity document accepted by the bank or record of the bank	
5.The identity document accepted by the bank		Aadhaar Card No. /Voter ID/PAN /Driving licence/ NREGA Card /Passport <sup>4</sup>	
6. Unique number of the identity document accepted by the bank, if available		Documentary proof needed	
7. Father's /Husband's Name		As mentioned in the identity document accepted by the bank	
8. Male or Female		As declared by the SHG member	
9. Date of birth (if printed on the identity document)		DD/MM/YYYY	

<sup>2</sup> The forms set out in this appendix are meant to indicate the information requirements and could be digitized in any format, subject to all the particulars and details indicated herein being collected.

<sup>3</sup> To be collected at the time of sanctioning a loan to new SHGs or at the time of renewal of existing loans or granting additional loans to the existing SHGs. With the approval of their boards, the banks with Gross NPA ratio exceeding 10% in the SHG loan segment may fix a lower threshold for collecting the information/data indicated in this Table and the next one. This amount will not include any subsidy or margin out of the member's own savings that goes towards funding the activity or the purpose for which the loan is taken (both either back end or front end).

<sup>4</sup> The banks may specifically see if any of the SHG members would fall within the purview of DBR [circular DBR. AML.BC.No.15/14.01.001/2015-16 dated 1 July 2015](#) relating to introduction of simplified measures for proof of identity by RBI and offer Small Deposit Accounts/Basic Saving Bank Deposit Account to them. Wherever a SHG member is willing to open such an account, the KYC should be done as per RBI circular and reported to the Central KYC Registry and the CICs. No document to be collected if the KYC has already been done at the time of opening of the Savings bank Account of the SHG member, or otherwise.



10. Address (Complete address with State Code and PIN Code)		Declaration basis <sup>5</sup>	
11. Information about other existing bank accounts		Declaration basis	
12. Educational level	Codes to be used Illiterate: 1 Passed 5 <sup>th</sup> class: 2 Passed 8 <sup>th</sup> class: 3 Passed 10 <sup>th</sup> class: 4 Above 10 <sup>th</sup> : 5	Declaration basis	
13. Occupation	Codes to be used Home maker: 1 Landless labourer: 2 Marginal Farmer: 3 Small Farmer: 4	Declaration basis	
14. Annual income in thousands of ₹		Declaration basis	
15. Social strata	Codes to be used SC: 1 ST: 2 OBC: 3 General: 4	Declaration basis	
16. Mobile Number (if available)		Declaration basis	
II. Credit related information <sup>6</sup>			
17. Information about existing loans – through other SHGs where the individual is a member		Based on the CIC report obtained by the bank or a bank report (in the absence of a CIC report)	
Status of the SHG Account		Based on the CIC report obtained by the bank, if available	
Name of the SHG			
SHG's loan Account Number			
Name of the lending bank			
Amount borrowed			
Amount outstanding			
Status of the account			

<sup>5</sup> The bank to pull out information from Central KYC registry as and when that is set up

<sup>6</sup> Not applicable, if the group loan is upto ₹1,00,000/-.

Regular Defaulter Settled Sub-judice			
If in default, status of the SHG member's loan account if the SHG loan was distributed to him/her <sup>7</sup> Name of the SHG Name of the lending bank Amount borrowed Amount outstanding			In phase I, the status of the SHG member's loan account is to be enquired only if the SHG account was in default.  In Phase II, the status of the SHG member's loan account to be enquired if the SHG loan was distributed to him/her regardless of the status of SHG loan account  [Based on CIC report, if available; in other cases a letter from the SHG to be relied upon]
18. The amount of loan proposed to be taken out of the group loan granted by the bank to the SHG <sup>8</sup>		Letter from the President/Secretary of the SHG. To be verified by the bank later on.	

<sup>7</sup> Until the data base of individual SHG members is accumulated in the CICs, this information may be collected and relied upon based on a letter provided by the SHG concerned. 17.2 will not be applicable if the SHG account is regular

<sup>8</sup> All SHGs must decide upfront how they propose to utilize the SHG loan. The actual distribution of the loan to individual members wherever it was agreed to be above ₹30,000 or where the actual amount disbursed exceeded ₹30,000 thoughnot agreed at the time of taking loan from the bank, must be reported to the bank by the SHG office bearers. Non-adherence to this condition may be taken into account while extending further loan to the SHG or renewing its cash credit limit next time. The banks need to incorporate suitable clauses in the loan agreements relating to penal provisions for providing wrong information regarding the amount of loans taken out of the group loans. Depending upon their experience, banks may also insist on maintenance of verifiable record of the amounts distributed out of bank loans in cases where the average amount of loan availed by the SHG per member exceeds ₹20,000/-.

<p>19. The loans taken by the member in individual capacity from other sources</p>		<p>During Phase I, this information may be collected based on CIC reports, if available.</p>	<p>During Phase II, this information may be collected on a more firm basis i.e., if not available with CICs, individual bank/MFIs' reports may be sought once the member declares his previous borrowings.</p>
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**Table 2: Information to be collected from individual SHG members where the total amount of loan to be attributed to or to be availed by the SHG member is upto ₹30,000<sup>9</sup>**

Particulars required	Particulars provided	Basis	Modifications during Phase II
I. Non-Credit information			
1. Name of the SHG		To be provided by the SHG member	
2. Savings Bank Account Number of the SHG		To be provided by the SHG member	
3. Loan Account Number of the SHG		To be assigned by the bank	
4. Name of the SHG member		As it appears on the identity document accepted by the bank or record of the bank	
5. The identity document accepted by the bank		Aadhaar Card No. /Voter ID/PAN/Driving licence/NREGA Card /Passport <sup>10</sup>	
6. Unique number of the identity document accepted by the bank, if available		Documentary proof needed	
7. Father's /Husband's Name		As mentioned in the identity document accepted by the bank	
8. Male or Female		As declared by the SHG member	
9. Date of birth (if printed on the identity document)		DD/MM/YYYY	
10. Address (Complete address with State Code and PIN Code)		Declaration basis <sup>11</sup>	

<sup>9</sup> To be collected at the time of sanctioning a loan to new SHGs or at the time of renewal of existing loans or granting additional loans to the existing SHGs. With the approval of their boards, the banks with Gross NPA ratio exceeding 10% in the SHG loan segment may fix a lower threshold for collecting the information/data indicated in this Table. This amount will not include any subsidy or margin out of the member's own savings that goes towards funding the activity or the purpose for which the loan is taken (both either back end or front end)

<sup>10</sup> The banks may specifically see if any of the SHG members would fall within the purview of DBR [circular DBR.AML.BC.No.15/14.01.001/2015-16 dated 1 July 2015](#) relating to introduction of simplified measures for proof of identity by RBI and offer Small Deposit Accounts/Basic Saving Bank Deposit Account to them. Wherever a SHG member is willing to open such an account, the KYC should be done as per RBI circular and reported to the Central KYC Registry and the CICs. No document to be collected if the KYC has already been done at the time of opening of the Savings bank Account of the SHG member, or otherwise.

<sup>11</sup> The bank to pull out information from Central KYC registry as and when that is set up

11. Information about other existing bank accounts		Declaration basis	
12. Educational level	Codes to be used Illiterate: 1 Passed 5 <sup>th</sup> Class: 2 Passed 8 <sup>th</sup> Class: 3 Passed 10 <sup>th</sup> class:4 Above 10 <sup>th</sup> class: 5	Declaration basis	
13. Occupation	Codes to be used Home maker: 1 Landless Labourer: 2 Marginal farmer: 3 Small Farmer: 4	Declaration basis	
14. Annual income in thousands of ₹		Declaration basis	
15. Social strata	Codes to be used SC: 1 ST: 2 OBC: 3 General: 4	Declaration basis	
16. Mobile Number (if available)		Declaration basis	
II. Credit related information <sup>12</sup>			
17. Information about existing loans – through other SHGs where the individual is a member  17.1 Status of the SHG Account  Name of the SHG SHG loan account number Name of the lending bank Amount borrowed Amount outstanding	Not to be collected during phase I	Based on the CIC report obtained by the bank or a bank report (in the absence of a CIC report)	To be collected only during Phase II based on the CIC report obtained by the bank.

<sup>12</sup> Not applicable, if the group loan is upto ₹1,00,000/-

Status of the account Regular Defaulter Settled Sub-judice		Based on the CIC report obtained by the bank, if available	
18. The loans taken by the member in individual capacity from other sources	Not to be collected during phase I		To be collected during Phase II; based on CIC report, if available
19. The amount of loan proposed to be taken out of the group loan granted by the bank to the SHG		During phase I: The amount to be recorded based on a letter from the President/ Secretary of the SHG	During Phase II: The amount of loan to be verified by the bank from the SHG records.

**Information to be uploaded/submitted to the CICs**

**Table 3<sup>13</sup>: Information on all individual SHG members to be reported by banks to CICs**

I. Non- credit related information		Modifications during Phase II
1. Name (as it appears on the identity document)		
2. The nature of the identity document accepted by the bank		
3. Unique number of the identity document accepted by the bank, if available		
4. Date of birth (DD/MM/YYYY)		
5. Father's /Husband's Name		
6. Address (Complete address with State Code and PIN Code)		
7. Male or Female		
8. Name of the SHG of which the person is a member		
9. Savings Account Number of the SHG		
10. Loan Account Number of the SHG		
11. Reference number of any other identity document that has been relied upon by the bank		
12. Educational level of the SHG member	Codes to be used  Illiterate: 1 Passed 5 <sup>th</sup> class: 2 Passed 8 <sup>th</sup> class: 3 Passed 10 <sup>th</sup> class: 4 Above 10 <sup>th</sup> : 5	

<sup>13</sup> RBI has set up a Standing Technical Working Group comprising representatives from various credit institutions and CICs to institutionalise a continuing mechanism for reviewing and making changes where necessary to the data formats. This Group shall suitably adapt Table 3 for the purpose of reporting of data by banks to the CICs electronically

13. Annual Income	Codes to be used Home maker: 1 Landless labourer: 2 Marginal farmer: 3 Small Farmer : 4	
14. Occupation		
15. Social strata	Codes to be used SC: 1 ST: 2 OBC: 3 General: 4	
16. Mobile No.		
II. Credit related information <sup>14</sup>		
17. Amount of loan availed by the member from the SHG loan if it exceeds ₹30,000.		The amount of loan availed by the member from the SHG loan regardless of the amount.

<sup>14</sup> Not applicable, if the group loan is upto ₹1,00,000/-.



**Table 4: Information on individual SHG members to be collected at the time of opening of new SHG Savings Bank Accounts of the SHG**

Particulars required	Particulars provided	Basis
1. Name of the SHG		To be filled in by the SHG member
2. Savings Bank Account Number of the SHG		To be assigned by the bank
3. Name of the SHG member		As it appears on the identity document accepted by the bank
4. The identity document accepted by the bank		Aadhaar Card No. /Voter ID/PAN/Driving licence/NREGA Card /Passport <sup>15</sup>
5. Unique number of the identity document accepted by the bank, if available		Documentary proof needed
6. Father's /Husband's Name		As mentioned in the identity document accepted by the bank
7. Male or Female		As declared by the SHG member
8. Date of birth (if printed on the identity document)		DD/MM/YYYY
9. Address (Complete address with State Code and PIN Code)		Declaration basis <sup>16</sup>
10. Information about other existing bank accounts		Declaration basis

<sup>15</sup> The banks may specifically see if any of the SHG members would fall within the purview of DBR [circular DBR. AML BC.No.15/14.01.001/2015-16 dated 1 July 2015](#) relating to introduction of simplified measures for proof of identity by RBI and offer Small Deposit Accounts/Basic Saving Bank Deposit Account to them. Wherever a SHG member is willing to open such an account, the KYC should be done as per RBI circular and reported to the Central KYC Registry and the CICs

<sup>16</sup> The banks will pull out information from Central KYC registry as and when that is set up

11. Educational level	Codes to be used Illiterate: 1 Passed 5 <sup>th</sup> class: 2 Passed 8 <sup>th</sup> class: 3 Passed 10 <sup>th</sup> class: 4 Above 10 <sup>th</sup> class: 5	Declaration basis
12. Occupation	Codes to be used Home maker: 1 Landless Labourer: 2 Marginal Farmer: 3 Small Farmer : 4	Declaration basis
13. Annual income in thousands of ₹		Declaration basis
14. Social strata	Codes to be used SC: 1 ST: 2 OBC: 3 General: 4	Declaration basis
15. Mobile Number (if available)		Declaration basis

**Format - Details of the borrowal accounts which have been classified as doubtful, loss or suit filed with outstanding (both under funded and non-funded) aggregating ₹1 Crore and above**

[Vide paragraph 5.3.1]

Name of the Bank:

1. Name of the Company / Firm
2. Registered address of the Company / Firm:
3. Names of the directors / partners of defaulting company / firm
4. Name of the Branch:
5. Type of facilities and limits sanctioned under each facility:
6. Amount outstanding:
7. Nature and value of securities held in each category:
8. Asset classification of the defaulting account (specify doubtful, loss or suit filed):
9. Date of classifying the account as doubtful / loss / suit filed

**Format for Reporting of Data on Wilful Default**

[Vide paragraph 5.4.1]

- a) Input Media: 3.5" floppy disk file  
b) File Characteristics: ASCII or dbf file

The field - wise description of various items is as follows :

- 1) Serial Number: 9 (4) Unique number to be given to each of the record
- 2) Bank-branch Name: x (14) As in the case of Basic Statistical return
- 3) Party's Name: x (45) The legal name
- 4) Registered Address: x (96) Registered Office address
- 5) Amount Outstanding: 9(6) Total amount outstanding in ₹ Lakh
- 6) Name of Directors: x (336) To be divided into 14 sub- fields of 24 bytes each
- 7) Status: Suit filed or non-suit filed

### Definition of Micro, Small and Medium Enterprises

(Vide Paragraph 6.1)

Government of India (GoI), vide [Gazette Notification S.O. 2119 \(E\) dated June 26, 2020](#), has notified new criteria for classifying the enterprises as micro, small and medium enterprises. For details please refer to [circular FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020](#). The new criteria will come into effect from July 1, 2020 and an enterprise shall be classified as a micro, small or medium enterprise on the basis of the following criteria, namely:

- i. **a micro enterprise**, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- ii. **a small enterprise**, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; and
- iii. **a medium enterprise**, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

## **Safeguards to be observed Advances against Pledge of Gold / Silver Ornaments**

(vide paragraph 7.5.1)

### **i) Ownership of Ornaments**

It is advisable that the advances are made to persons properly introduced to the bank. The bank should satisfy itself about the ownership of the gold ornaments etc. before accepting them for pledge. The bank should obtain a declaration from the borrower that the ornaments are his own property and that he has the fullest right to pledge them to the bank. Taking of ornaments for pledge and release thereof to the parties concerned after repayment of the bank's dues should be done strictly in the authorised official's room to avoid any risk.

### **ii) Appraiser**

The bank should appoint an approved jeweller or shroff as an appraiser for valuation of the gold ornaments proposed to be pledged to the bank and obtain adequate security from him in the form of cash and indemnity bond. Valuation and appraisal of the ornaments in the bank's premises itself would be ideal but when these are not possible, the bank should take suitable precautions against their loss while in transit. The bank should send the ornaments to the appraiser in a locked box, one key of which should be kept with the appraiser and the other with the bank. The box should be sent through a responsible member of the staff along with the prospective borrower. The placing of ornaments in the box at both the ends should be done in the presence of the employee carrying the ornaments to the appraiser and the borrower. The bank should take a suitable insurance cover for loss of the ornaments while in transit.

### **iii) Valuation Report**

- a. The valuation certificate of the appraiser should clearly indicate the description of the ornaments, their fitness, gross weight of the ornaments, net weight of the gold content exclusive of stones, lac, alloy, strings, fastenings and the value of the gold at the prevailing market price. The valuation report should be duly signed by the appraiser and kept along with the loan documents by the bank.
- b. In order to standardize the valuation and make it more transparent to the borrower, it has been decided that gold jewellery accepted as security/collateral will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd. [Formerly known as the Bombay Bullion Association Ltd. (BBA)]. If the gold is of purity less than 22 carats, the bank should translate the collateral into 22 carat and value the exact grams of the collateral. In other words, jewellery of lower purity of gold shall be valued proportionately

### **iv) Record of Security**

The full name of the borrower, his residential address, date of advance, amount and description of the ornaments in detail should be recorded in the gold ornaments register which should be checked / initialled by the Manager.

#### **v) Custody of Ornaments**

The ornaments belonging to each borrower (or articles of each loan) together with a list indicating the description of ornaments, gold loan account number, name of party, etc. should be kept separately in small cloth bags. A tag indicating loan account number and name of the party should be tied to the bag to facilitate identification. The bags should be arranged in trays according to loan account numbers and kept in the strong room or fire proof safes under joint custody.

#### **vi) Period**

The period of advance against gold ornaments should be generally restricted to 6 months or 1 year.

#### **vii) Margin**

As a prudential measure, it has been decided to prescribe a Loan to Value (LTV) Ratio of not exceeding 75 per cent for UCBs' lending against gold jewellery (including bullet repayment loans against pledge of gold jewellery). The bank should collect interest on advances promptly. In no circumstances should it allow to water down the margin by debiting the interest accrued to the loan account.

#### **viii) Return of Ornaments**

On repayment of the loan together with the interest payable in the account, the ornaments should be returned to the borrower and his receipt obtained in token of having received the ornaments.

#### **ix) Part Release**

While allowing part release of the ornaments against part repayment of the loan, care should be taken to ensure that the value of the left-over ornaments is sufficient to cover outstanding balance with the margin prescribed in the a/c.

#### **x) Delivery to Third Parties**

When the ornaments are delivered to third parties, a letter of authority from the borrower and subsequent confirmation of the borrower should be obtained. The letter of authority should contain an undertaking by the borrower, absolving the bank of any responsibility in the event of dispute or loss arising from the delivery of the ornaments to the party named therein. The receipt of the third party should be obtained on the letter of authority as well as in the gold loan ledger.

#### **xi) Default**

When the borrower fails to repay the loan on the due date, a notice calling upon him to repay the loan within a specified time should be given and if no response is received, a reminder should be sent by registered post informing the borrower that the ornaments would be auctioned and after adjusting the sale proceeds against the outstanding dues to the bank, the balance, if any, would be paid to the borrower against his receipt.

#### **xii) Re-pledge of Ornaments**

It is not advisable for UCBs to make advances against re-pledge of ornaments as this facility is likely to be misused for financing moneylenders, which is not a desirable activity.

**xiii) Insurance**

The jewels pledged to the bank should be insured for the appraised value against the risk of burglary. If banks store the pledged jewels in fire-proof strong rooms, insuring them against fire may not be necessary. Banks may take blanket insurance policy covering cash, jewels and other valuables and also covering all types of risks.

**xiv) Verification**

Surprise verification of the packets containing gold / silver ornaments by an officer other than the joint custodian be undertaken and should be recorded in a separate register with necessary details.

**Guidelines for Relief Measures by Banks in Areas Affected by Natural Calamities**

[Vide paragraph 11.1]

1. Periodic but frequent occurrence of droughts, floods, cyclones, tidal waves and other natural calamities cause heavy toll of human life and wide spread damage to economic pursuits of human beings in one area or the other of the country. The devastation caused by such natural calamities call for massive rehabilitation efforts by all agencies. The State and local authorities draw programmes for economic rehabilitation of the affected people. The developmental role assigned to the commercial banks and co-operative banks, warrants their active support in revival of the economic activities.

2. Since the area and time of occurrence and intensity of natural calamities cannot be anticipated, it is imperative that the banks have a blue-print of action in such eventualities so that the required relief and assistance is provided with the utmost speed and without any loss of time. This presupposes that all the branches of urban cooperative banks will have a set of standing instructions spelling out the action that the branches will have to initiate in the calamity affected areas immediately after the requisite declaration by the district / State authorities. It is necessary that these instructions should also be available with the State Government authorities and all the District Collectors so that all concerned are clear as to the action that would be taken by the banks' branches in the affected areas.

3. The precise details in regard to the provision of credit assistance by the commercial banks, will depend on the requirements of the situation, their own operational capabilities and the actual needs of the borrowers. This can be decided by them in consultation with the district authorities.

4. Nevertheless, to enable banks to take uniform and concerted action expeditiously, particularly to provide the financial assistance to agriculturist, small scale industrial units, artisan, small business and trading establishments affected by natural calamities, the following guidelines are commended.

5. To facilitate co-ordination and expeditious action by the financing institutions, the convenors of the concerned District Consultative Committee (DCC) of the affected districts should convene a meeting immediately after the occurrence of natural calamities. In the event of the calamity covering a larger part of the State, the convenors of the State Level Bankers' Committee (SLBC) will also convene a meeting immediately to evolve a co-ordinated programme of action for implementation of the programme in collaboration with the State / district authorities while determining the quantum of assistance required by a person affected by the natural calamity, the banks may take into consideration the assistance / subsidy received by him from the State Government and / or other agencies.

6. Regional / Zonal heads of UCBs should be vested with certain discretionary powers so that they do not have to seek fresh approvals from their Central Offices to the line of action agreed to by the District / State Level Bankers' Committees. For example, such discretionary power would be necessary in respect of adoption of scale of finance, extension of loan periods, sanction of new loans, keeping in view the total liability of the borrower (i.e. arising out of the old loan where the assets financed are damaged or lost on account of natural calamity as well as the new loan for creation / repair of such assets, margin, security, etc.).



## **7. Identification of the Beneficiaries**

The bank branches should obtain from the concerned Government authorities list of affected villages within their area of operation. From among the identified persons, assessment of loss sustained by the existing constituents of the banks would be easier. In the case of fresh borrowers, however, discreet enquiries should be made in this regard and assistance of the Government authorities should be sought wherever available for ascertaining genuineness of their requirements. For providing conversion facilities in respect of crop loans, procedure for identification of areas where such facilities have to be provided has been indicated under crop loans in paragraph 12 below.

## **8. Coverage**

Each branch will provide credit assistance not only to its existing borrowers but also to other eligible persons within its command area provided they are not covered by any other financial agency.

## **9. Priorities**

Immediate assistance including finances would be needed for protecting and rejuvenating standing crops / orchards / plantations etc. Equally important will be repair and protection of livestock sheds, grains and fodder storage / structures, drainage, pumping, and other measures and operations to repair pump-sets, motors, engines and other necessary implements. Subject to seasonal requirements, next crop financing would be taken up.

## **10. Agricultural Loans**

i) The bank assistance in relation to agriculture would be needed in the form of short-term loans for the purpose of raising crops and term loans for purchase of milch / draught animals, repairs of existing tube-wells and pump-sets, digging of new tube-wells and installation of new pump-sets, land reclamation, silt / sand removal, protection and rejuvenation of standing crops / orchard / plantations, etc., repairs and protection of livestock sheds, grain and fodder storage structures, etc.

ii) Crop Loans: In the case of natural calamities, such as droughts, floods etc., Government authorities would have declared *annewari* to indicate the extent to which the crops are damaged. However, where such declaration has not been made banks should not delay in providing conversion facilities, and the District Collector's certificate that crop yield is below 50 percent of the normal yield supported by the views of the DCC in the matter (for which a special meeting may have to be convened) should be sufficient for invoking quick relief arrangements. The certificate of the Collector should be issued crop -wise covering all crops, including food-grains. Issuing of such certificates in respect of cash crops, may, however, be left to the discretion of the Collector.

iii) To be effective, the assistance to farmers will have to be disbursed with utmost speed. For this purpose the lead bank and the district authorities concerned should evolve a procedure whereby identification of borrowers, issuance of certificates regarding Government / co-operative / bank dues, title of the applicant to land etc. is secured simultaneously.

iv) Possibilities of organising credit camps, where Block Development and Revenue officials, Co-operative Inspectors, Panchayat Pradhans etc. could help finalise the applications on the spot,

could be explored in consultation with the district authorities where such credit camps are being organised. The State Government will also arrange with the Collectors to issue an executive order for the following officers or their authorised representatives to assume respective duties and responsibilities as envisaged under implementation of credit camps programme:

- Block Development Officer
- Co-operative Inspector
- Revenue Authority / Village Revenue Assistant
- Bank official operating in the area
- PACS / LAMPS / FSS
- Gram Panchayat Pradhan

In order to avoid delay, the forms in which the State Government Officers have to give certificates at the Credit Camps may be got printed in sufficient numbers by the respective District Magistrates.

v) In considering loan applications for the ensuing crop season the current dues of the applicants to the State Government may be ignored, provided the State Government declare a moratorium for a sufficiently long period on all amounts due to the government as on the date of occurrence of the natural calamity.

### **11. Consumption Loans**

As per extant instructions, loans up to ₹250/- could be sanctioned to existing borrowers for general consumption purposes and the limit could be enhanced to ₹1,000/- in the States where the State Governments have constituted risk funds for such lending. The present limit may be enhanced to ₹5,000/- without any collateral and such loans may be provided even if no risk fund has been constituted.

### **12. Fresh Loans**

12. Timely fresh financial assistance to resume productive activities may be provided not only to the existing borrowers, but also to other eligible borrowers. Notwithstanding the status of the existing account, fresh loans granted to the borrowers will be treated as current dues.

### **13. Restructuring of existing Loans**

a. As the repaying capacity of the people affected by natural calamities gets severely impaired due to the damage to the economic pursuits and loss of economic assets, relief in repayment of loans becomes necessary in areas affected by natural calamity and hence, restructuring of the existing loans will be required. The principal amount outstanding in the crop loans and agriculture term loans as well as accrued interest thereon may be converted into term loans.

b. The repayment period of restructured term loans may vary depending on the severity of calamity and its recurrence, the extent of loss of economic assets and distress caused. Generally, the restructured period for repayment may be 3 to 5 years. However, where the damage arising out of the calamity is very severe, banks may, at their discretion, extend the period of repayment ranging up to 7 years and in extreme cases of hardship, the repayment period may be prolonged

up to a maximum period of 10 years. In all cases of restructuring, moratorium period of at least one year should be considered. Further, the banks should not insist for additional collateral security for such restructured loans. The asset classification status of the restructured term loan and other dues will be as under:

c. The restructured crop loans may be treated as current dues and need not be classified as NPA. The asset classification of the restructured term loans would thereafter be governed by the revised terms and conditions and would be treated as NPA if interest and / or instalment of principal remain overdue for two crop seasons for short duration crops and for one crop season for long duration crops. Depending upon the duration of crops raised by an agriculturist, the above norms would also be made applicable to the restructured agricultural term loans.

d. The above norms will be applicable to all direct agricultural advances as listed at Annex I of [Master Circular No. UBD.PCB.MC.No.10/09.14.000/2007-08 dated July 4, 2007](#) on prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to advances.

e. Additional finance, if any, may be treated as “standard asset” and its future asset classification will be governed by the terms and conditions of its sanction.

f. The asset classification as on the date of natural calamity will continue, if the restructuring is completed within a period of three months from the date of natural calamity. The restructured accounts would, otherwise, be governed by provisions of circular UBD.BPD.No.30/09.09.001/05-06 dated March 9, 2006. Further, the guidelines applicable to sub-standard accounts, will apply, mutatis mutandis to doubtful accounts.

g. In retail or consumer loans segment, the banks may restructure the loans in a manner suitable to the borrowers on a case-to-case basis.

#### **14. Scale of Finance**

Scale of finance in respect of different crops will be uniform in a district. The scales will be fixed taking into account the prevailing conditions and norms presently adopted by different lending agencies. In fixing the scales, minimum consumption needs of borrowers will be taken into account. The concerned District Magistrate and Managers of branches of banks operating in the district would be advised to adopt the scales so laid down.

#### **15. Development Loans - Investment Costs**

i) The existing term loan instalments will have to be rescheduled / postponed keeping in view the repaying capacity of the borrowers and the nature of natural calamity viz.,

a) Droughts, floods or cyclones etc. where only crop for that year is damaged and productive assets are not damaged.

b) Floods or cyclones where the productive assets are partially or totally damaged and borrowers are in need of a new loan.

ii) In regard to natural calamity under category (a), the banks may postpone the payment of instalment during the year of natural calamity and extend the loan period by one year except (subject to the following exceptions) -

a) Those cultivators who had not effected the development or investment for which the loan was obtained or had disposed of the equipment or machinery purchased out of the loan.

b) Those who are income tax payers.

c) In the case of drought, those who are having perennial sources of irrigation except where water supply was not released from canals or irrigation facility was not available from other perennial sources.

d) Tractor owners, except in genuine case where there is loss of income and consequential impairment of their repaying capacity.

iii) Under this arrangement the instalments defaulted wilfully in earlier years will not be eligible for rescheduling. The banks may have to postpone payment of interest by borrowers. While fixing extension of period the commitment towards interest may also be taken into account.

iv) In regard to category (i)(b) above, i.e., where the borrower's assets are totally damaged, the rescheduling by way of extension of loan period may be determined on the basis of overall repaying capacity of the borrower including his repayment commitment on the old term loans and towards the conversion loan (medium term loan) on account of postponing of repayment of short-term loans and the fresh crop loan. In such cases, the repayment period of total loan (including interest liability) less the subsidies received from the Government agencies, compensation available under the insurance schemes, etc. may be fixed having regard to the repaying capacity of the borrower subject to a maximum of 15 years, depending upon the type of investment as well as the economic (useful) life of the new asset financed, except in cases where loans relate to land shaping, silt removal, soil conservation etc. Thus, in the case of loans for agricultural machineries, viz. pump-sets and tractors, it should be ensured that the total loan period does not generally exceed 9 years from the date of advance.

16. Apart from rescheduling existing term loans, banks will provide to affected farmers diverse type of term loans for developmental purposes, such as:

#### **i) Minor Irrigation**

Term loans for repairs to wells, pump-sets, etc. which are to be quantified after assessing the extent of damage and estimated cost of repairs.

#### **ii) Bullocks**

Where the drought animals have been washed away, requests for fresh loans for a new pair of bullocks / he-buffaloes may be considered. Where loans are given for purchase of new cattle or where farmers have bought milch cattle, reasonable credit may be given for purchase of fodder or feed.

#### **iii) Milch Cattle**

Term loan for milch cattle will be considered depending upon breed, milk yield, etc., the loan amount will include repairs to shelters, purchase of equipment and feed.

#### **iv) Insurance**

Considering the proneness of areas to cyclones and other natural calamities, the cattle should be insured instead of Risk-cum-Mortality Fund established for similar purpose in other safe areas.

Milch animals / draught cattle should be branded for identification as also to serve as safeguard against their re-sale by the beneficiaries.

#### **v) Poultry and Piggery**

For poultry, piggery and rearing of goats, loans will be considered as per norms of different banks.

#### **vi) Fisheries**

In the case of borrowers who have lost their boats, nets and other equipment, re-phasing of payment of existing dues may be allowed on merits. Fresh loans may be granted to them with loan maturity of 3/4 years. Loans for repairs to boats of the existing borrowers may also be considered. In cases where subsidy is available, the quantum of loan should be reduced to that extent. In States where substantial subsidy towards cost of boats, nets, etc. is likely to be available, proper co-ordination with the State Government Department concerned in this regard must be ensured. Apart from complying with other norms and conditions for grant of advances, assistance may be sought from the Department of Fisheries, which may be expected to take measures which would enable banks to proceed with financing for this purpose. The boats should be comprehensively insured against all risks including natural calamities as far as possible.

### **17. Land Reclamation**

i) It is likely that financial assistance will be required for reclamation of lands covered by sand casting. Normally, sand / silt deposits upto 3 inches will either be ploughed back into the soil or removed by the farmers without any need for financial assistance. Loan applications will, however, be considered in cases where immediate cultivation is possible and reclamation (removal of sand) is necessary. Wherever reclamation finance for saline lands is warranted, the cost of reclamation not exceeding 25 percent of the scale allowed for crop loan may be advanced along with the crop loan.

ii) For other activates like Sericulture, Horticulture, Floriculture, Betel vine growing etc., banks will advance loans for investment and working capital under their existing schemes and follow usual procedures laid down by them. The working capital finance may be provided until such period the income from the plantation is adequate to take care of such expenditure.

iii). However, additional need based crop loans, if necessary, would be given for revitalisation / rejuvenation of standing crop / orchards based on individual assessment.

iv) The question relating to procurement and proper arrangement for supply of adequate quantity of seeds and various types of fertilisers will have to be discussed with the State Government and District Administration in each district. Similarly, for the purpose of ensuring adequate irrigation facilities, the State Government will undertake repairs to Government owned shallow and deep tube-wells and River Lift Irrigation System damaged by floods and other natural calamities. As for fisheries, the fisheries department of the State Government will make arrangement to obtain fingerlings / and supply them to those who wish to revive tank fishing with bank finance.

v) The State Government will have to consider preparation of schemes which would enable commercial banks to obtain refinance at NABARD rates for amounts advanced by banks for the said purpose.

## **18. Artisans and Self-Employed**

i) For all categories of rural artisans and self employed persons including handloom weavers, loans will be needed for repairs of sheds, replacement of implements and purchase of raw materials and stores. In sanctioning the loan, due allowance will be made for subsidy / assistance available from the State Government concerned.

ii) There may be many artisans, traders and self-employed who may not have any banking arrangement or facility with any bank, but will now need financial assistance for rehabilitation. Such categories will be eligible for assistance from banks' branches in whose command areas they reside or carry on their profession / business. Where such a person / party falls under the command area of more than one bank, the banks concerned will meet together and sort out his problem.

## **19. Small Scale and Tiny Units**

i) Rehabilitation of units under village and cottage industry sector, small scale industrial units as also smaller of the medium industrial sector damaged, will also need attention. Term loans for repairs to and renovation of factory buildings / sheds and machinery as also for replacement of damaged parts and working capital for purchase of raw materials and stores will need to be provided urgently.

ii) Where the raw materials or finished goods have been washed away or ruined or damaged, banks security for working capital will naturally be eroded and the working capital account (Cash Credit or Loan) will be out of order. In such cases, banks will convert drawings in excess of the value of security into a term loan and also provide further working capital to the borrower.

iii) Depending on the damage suffered and time needed for rehabilitation and restarting production and sales, term loan instalments will have to be suitably rescheduled keeping in view the income generating capacity of the unit. Shortfall in margins will have to be condoned or even waived and borrower should be allowed time to build up margin gradually from his future cash generation. Wherever State Government or any agency has formulated special scheme for providing grants / subsidy / seed money, suitable margin may be stipulated to the extent of such grants / subsidy / seed money.

iv) The primary consideration before the banks in extending credit to a small / tiny unit for its rehabilitation should be the viability of the venture after the rehabilitation programme is implemented.

## **20. Terms and Conditions**

The terms and conditions governing relief loans will be flexible as to security, margin, etc. In the case of small loans covered by guarantee of Deposit Insurance and Credit Guarantee Corporation, personal guarantees will not be insisted upon. In any case, credit should not be denied for want of personal guarantees.

## **21. Security**

Where the bank's existing security has been eroded because of damage or destruction by floods, assistance will not be denied merely for want of additional fresh security. The fresh loan may be granted even if the value of security (existing as well as the asset to be acquired from the new loan) is less than the loan amount. For fresh loans sympathetic view will have to be taken:

- a) Where the crop loan (which has been converted into term loan) was earlier given against personal security / hypothecation of crop which would be the case for crop loans upto ₹5,000/- and the borrower is not able to offer charge / mortgage of land as security for the converted loan, he should not be denied conversion facility merely on the ground of his inability to furnish land as security.
- b) If the borrower has already taken a term loan against mortgage / charge on land, the bank should be content with a second charge for the converted term loan.
- c) Banks should not insist on third party guarantees for providing conversion facilities.
- d) In the case of term loans for replacement of equipment, repairs, etc. and for working capital finance to artisans and self-employed persons or for crop loans, usual security may be obtained. Where land is taken as security in the absence of original Title Records, a Certificate issued by the Revenue Department Officials may be accepted for financing farmers who have lost proof of their titles i.e., in the form of deeds, as also the registration certificates issued to registered share-croppers.
- e) As per the recommendations of the Reserve Bank of India's report on Customer Service, banks will finance the borrowers who require loans upto ₹500/- without insisting either on collateral security or guarantee for any type of economic activity.

## **22. Margin**

Margin requirements be waived or the grants / subsidy given by the concerned State Government may be considered as margin.

## **23. Interest**

The rates of interest will be in accordance with the directives of the Reserve Bank of India. Within the areas of their discretion, however, banks are expected to take a sympathetic view of the difficulties of the borrowers and extend a concessional treatment to calamity-affected people.

- i) Those meeting the eligibility criteria under the scheme of Differential Rate of Interest should be provided credit in accordance with the provision of the scheme.
- ii) In respect of current dues in default, no penal interest will be charged. The banks should also suitably defer the compounding of interest charges.

## **24. Other Issues**

### **i) Business Continuity Planning (BCP)**

In the backdrop of increased leveraging of technology in banking system, BCP has become a key pre-requisite for minimizing business disruption and system failures. As a BCP strategy, banks may identify alternate branches for branches located in areas prone to natural calamities. Banks may therefore formulate full-fledged comprehensive BCP along with Disaster-Recovery (DR) arrangements. The banks may also focus on keeping the DR site current, to test them comprehensively and synchronize the data between the primary and secondary sites.

## **ii) Access to Customers to their Bank Accounts**

a) In areas where the bank branches are affected by natural calamity and are unable to function normally, banks may operate from temporary premises, under advice to Reserve Bank of India. For continuing the temporary premises beyond 30 days, specific approval may be obtained from the Regional Office (RO) concerned of Reserve Bank of India. Banks may also ensure rendering of banking services to the affected areas by setting up satellite offices, extension counters or mobile banking facilities under intimation to RO of Reserve Bank of India.

b) To satisfy customer's immediate cash requirements, banks could consider waiving the penalties related to accessing accounts such as fixed deposits

c) Restoration of the functioning of ATMs at the earliest or making alternate arrangements for providing such facilities may be given due importance. Banks may consider putting in place arrangements for allowing their customers to access other ATM networks, Mobile ATMs, etc.

## **iii) Currency Management**

Banks / branches affected by natural calamity, if required, may contact other banks maintaining its current accounts or the currency chest branch to which it is linked in order to ensure that supply of currency is maintained to its customers.

## **iv) KYC Norms**

To facilitate opening of new accounts by persons affected by natural calamities especially for availing various relief's given by Government / other agencies, banks may open accounts with -

a) introduction from another account holder who has undergone full KYC procedure, or

b) documents of identity such as Voter's Identity Card or a driving license, identity card issued by an office, company, school, college, etc. along with a document indicating the address such as Electricity Bill, Ration Card etc. or

c) introduction by two neighbours who have the documents as indicated in paragraph (b) above or

d) in the absence of the above, any other evidence to the satisfaction of the bank.

e) The above instructions will be applicable to cases where the balance in the account does not exceed ₹50,000/- or the amount of relief granted (if higher) and the total credit in the account does not exceed ₹1,00,000/- or the amount of relief granted, (if higher) in a year.

## **v) Clearing and Settlement Systems**

To ensure continuity in clearing service, Reserve Bank of India has advised the banks for 'on-city back-up centres' in 20 large cities and effective low-cost settlement solution for the remaining cities. The banks in a clearing area could meet with a view to providing flexible clearing services where normal clearing services are disrupted. However, notwithstanding these arrangements, banks may also consider discounting cheques for higher amounts to meet customers' requirement of funds. Banks could also consider waiver fees for EFT, ECS or mail services so as to facilitate inward transfer of funds to accounts of persons affected by a natural calamity



## **25. Applicability of the Guidelines in the case of Trade and Industry**

Instructions on moratorium, maximum repayment period, additional collateral for restructured loans and asset classification in respect of fresh finance will be applicable to all affected restructured borrowal accounts, including accounts of industries and trade, besides agriculture

## **26. Applicability of the Guidelines in the case of Riots and Disturbances**

Whenever Reserve Bank of India advises the banks to extend rehabilitation assistance to the riot / disturbance affected persons, the aforesaid guidelines may broadly be followed by banks for the purpose. It should, however, be ensured that only genuine persons, duly identified by the State Government agencies as having been affected by the riots, etc., are extended rehabilitation / assistance.

i) With a view to ensuring quick relief to the affected persons, the District Collector, on occurrence of the riot / disturbances, may ask the Lead Bank Officer to convene a meeting of the DCC, if necessary, and submit a report to the DCC on the extent of damage caused to the life and property in the area affected by riots / disturbances. If the DCC is satisfied that there has been extensive loss to life and property, the relief, as per aforesaid guidelines, may be extended to the people affected by riots / disturbances. In certain centres where there are no DCCs, the District Collector may request the Convener SLBC of the State to convene a meeting of the bankers to consider extension of relief to the affected persons. The report submitted by the Collector and the decision thereon of DCC / SLBC may be recorded and should form a part of the minutes of the meeting. A copy of the proceedings of the meeting may be forwarded to the concerned Regional Office of the Reserve Bank of India.

ii) It should be ensured that only genuine persons duly identified by the State Administration, as having been affected by the riots / disturbances are provided the assistance.

## A. List of Circulars consolidated in the Master Circular

Sl. No.	Circular No.	Date	Subject
1	<a href="#">DOR.STR.REC.20/21.04.048/2023-24</a>	08.06.2023	Framework for Compromise Settlements and Technical Write-offs
2	<a href="#">DoR.FIN.REC.90/20.16.056/2022-23</a>	13.12.2022	Data Format for Furnishing of Credit Information to Credit Information Companies and other Regulatory Measures
3	<a href="#">DOR.CRE.REC.56/13.05.000/2022-23</a>	26.07.2022	Board approved Loan Policy – Management of Advances - UCBs
4	<a href="#">DOR.ORG.REC.27/21.04.158/2021-22</a>	28.06.2021	Guidelines for Managing Risk in Outsourcing of Financial Services by Co-operative Banks
5	<a href="#">DoR.FIN.REC.46/20.16.056/2020-21</a>	12.03.2021	Data Format for Furnishing of Credit Information to Credit Information Companies and other Regulatory Measures
6	<a href="#">DoS.CO.PPG.BC.1/11.01.005/2020-21</a>	21.08.2020	Ad-hoc/Short Review/Renewal of Credit Facilities
7	<a href="#">FIDD.MSME &amp; NFS.BC.No.3/06.02.31/2020-21</a>	02.07.2020	Credit flow to Micro, Small and Medium Enterprises Sector
8	<a href="#">DBR.Leg.No.BC.15/09.08.020/2018-19</a>	27.12.2018	Filing of Security Interest relating to Immovable (other than equitable mortgage), Movable and Intangible Assets in CERSAI
9	<a href="#">DCBR.BPD.Cir.No.17/16.74.000/2015-16</a>	26.05.2016	Credit information reporting in respect of Self Help Group (SHG) members
10	<a href="#">DCBR.BPD. (PCB/RCB). Cir. No. 3/13.05.001/2015-16</a>	15.10.2015	Advance against Pledge of Gold ornaments/jewellery
11	<a href="#">DCBR.BPD.(PCB/RCB). Cir. No.13/16.74.000/2014-15</a>	29.01.2015	Membership of Credit Information Companies (CIC) by Co-operative Banks
12	<a href="#">UBD.CO.BPD.(PCB).Cir. No.25/13.05.001/2014-15</a>	30.10.2014	Gold Loan – Bullet Repayment -UCBs

13	<a href="#">UBD.CO.BPD.PCB.Cir.No.4/16.74.000/2014-15</a>	15.07.2014	Data Format for Furnishing of Credit Information to Credit Information Companies and other Regulatory Measures
14	<a href="#">UBD.CO.BPD.(PCB).Cir.No.66/13.05.000/2013-14</a>	28.05.2014	Lending to Public Sector Undertakings
15	<a href="#">UBD.CO.BPD.PCB.Cir.No.64/12.05.001/2013-14</a>	26.05.2014	Levy of Foreclosure Charges /Pre-payment Penalty on Floating Rate Term Loans
16	<a href="#">UBD.CO.BPD.PCB Cir No.60/13.05.001/ 2013-14</a>	09.05.2014	Advance against Pledge of Gold/ Silver Ornaments
17	<a href="#">UBD.BPD.(PCB).Cir.No.56/13.04.00/2013-14</a>	05.05.2014	Interest Tax Act 1974 - Collection from Borrowers
18	<a href="#">UBD CO BPD (PCB) MC. No.18/09.09.001/2013-14</a>	08.10.2013	Revised guidelines on lending to Priority Sector for UCBs
19	<a href="#">UBD BPC (PCB) Cir No.27/13.04.002/2012-13</a>	14.12.2012	Setting up of Central Electronic Registry under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002
20	<a href="#">UBD.(PCB)BPD.Cir.No.29/13.05.000/2011-12</a>	30.03.2012	Discounting of Bills by UCBs – Restricted Letters of Credit
21	<a href="#">UBD.CO.BPD.Cir.No.19/09.11.200/2011-12</a>	13.02.2012	Submission of Credit Information to Credit Information Companies – Defaulters of ₹1 crore and above and willful defaulters of ₹25 lakh and above – Dissemination of credit information of suit-filed accounts.
22	<a href="#">UBD.BPD.(PCB)CIR.No.50/13.05.000(B)/2010-11</a>	02.06.2011	Financing of Self Help Groups (SHGs) and Joint Liability Groups (JLGs) by Primary (Urban) Co-operative Banks (UCBs)
23	<a href="#">UBD.(PCB)BPD.Cir.No.69/09.22.010/2009-10</a>	09.06.2010	Exposure to Real Estate & CRE
24	<a href="#">UBD.(PCB)BPD.Cir.No.25 &amp; 60/09.11.200/2009-10</a> and <a href="#">UBD.BPD.(PCB).Cir.No.30/09.11.200/2010-11</a>	03.12.2009 29.04.2010 22.12.2010	Credit Information Companies Act 2005

25	<a href="#">UBD.(PCB)BPD.Cir.No.16/09.22.010/2009-10</a>	26.10.2009	Disclosure of mortgage by builders
26	<a href="#">UBD.PCB.BPD.Cir.No.53 &amp; 60/13.05.000/2008-09</a>	6.3.2009 20.04.2009	Prudential Guidelines on Restructuring of Advances by UCBs
27	<a href="#">UBD.PCB.No.36 &amp; 59/13.05.000/2008-09</a>	21.01.2009 09.04.2009	Lending under Consortium Arrangement / Multiple Banking Arrangements
28	<a href="#">UBD.PCB.Cir.No.24/13.05.001/08-09</a>	10.11.2008	Advances against pledge of Gold / Silver Ornaments
29	<a href="#">UBD.BPD(PCB)Cir.No.18/13.04.00/2008-09</a>	22.09.2008	Revival of the Interest Tax Act 1974 - Collection from Borrowers
30	<a href="#">UBD.PCB.Cir.No.12 &amp; 13/12.05.001/2008-09</a>	17.09.2008	ALM Guidelines
31	<a href="#">UBD.PCB.Cir.No.57/16.74.00/2008-09</a>	24.06.2008	Wilful Defaulters and action there against
32	<a href="#">UBD.CO.BPD.PCB.No.33/13.05.000/07-08</a>	29.02.2008	Advances to builders / contractors.
33	<a href="#">UBD.PCB.Cir.No.22/13.05.000/07-08</a>	26.11.2007	Gold Loan Repayment
34	<a href="#">UBD.PCB.Cir.No.13/13.05.000/07-08</a>	13.09.2007	Monitoring of Advances-Safeguards to be observed
35	<a href="#">UBD.PCB.Cir.No.44/13.04.000/06-07</a>	18.05.2007	Complaints about Excessive Interest Charged by Banks
36	<a href="#">UBD.PCB.Cir.No.35/09.09.001/06-07</a>	18.04.2007	Credit flow to Micro, Small and Medium Enterprises Sector
37	<a href="#">UBD.PCB.BPD.33/13.05.000/06-07</a>	16.03.2007	Grant of loans for acquisition of Kisan Vikas Patras (KVPs)
38	<a href="#">UBD.PCB.Cir.No.26/13.05.000/06-07</a>	09.01.2007	Valuation of Properties- Empanelment of Valuers
39	<a href="#">UBD.PCB.Cir.No.10/13.05.000/2006-07</a>	04.09.2006	Guidelines on Relief Measures to be Extended by Banks in Areas Affected by Natural Calamities
40	<a href="#">UBD.PCB.Cir.No.8/13.05.000/06-07</a>	21.08.2006	Guidelines on Relief Measures to be Extended by Banks in Areas Affected by Natural Calamities

41	<a href="#">UBD.PCB.Cir.No.58/09.09.01/05-06</a>	19.06.2006	Adherence to National Building Code (NBC) - specifications necessary for lending institutions
42	<a href="#">UBD.PCB.BPD.Cir.No.46/13.05.000/05-06</a>	19.04.2006	Bills discounted under LC-Risk weight and exposure norms.
43	<a href="#">UBD.BPD.Cir.No.36/09.09.001/05-06</a>	09.03.2006	Debt restructuring mechanism for Small and Medium Enterprises (SMEs) - Announcement made by the Union Finance Minister
44	<a href="#">UBD.PCB.Cir.No.34/13.05.000/05-06</a>	02.03.2006	Advances against Gold Ornaments and Jewellery
45	<a href="#">UBD.PCB.Cir.No.8/09.116.00/05-06</a>	09.08.2005	Prudential norms on capital adequacy-risk weight on housing finance / commercial real estate exposures
46	<a href="#">UBD.PCB.Cir.No.14/09.11.01/2004-05</a>	24.08.2004	Opening of Current Accounts by banks-need for discipline.
47	<a href="#">UBD.PCB.Cir.No.7/09.11.01/2004-05</a>	29.07.2004	Opening of Current Accounts by banks-need for discipline.
48	UBD.BPD.PCB.CIR.37/13.05.00/2003-04	16.03.2004	Discounting / Rediscounting of Bills by Banks
49	UBD.No.DS.PCB.Cir.34/13.05.00/2001-02	28.03.2002	Loan System for Delivery of Bank Credit
50	UBD.BSD.1.No.8/12.05.00/2001-02	31.08.2001	Issue of banker's cheques / pay orders / demand drafts
51	UBD.No.POT.No.33/09.17.03/2000-2001	20.02.2001	Relief measures for the persons / business affected by the earthquake in Gujarat
52	UBD.DS.32/13.04.00/2000-01	12.02.2001	Reliefs / Concessions for Exporters Affected by the Earthquake
53	UBD.No.POT.CIR.30/09.20.00/2000-01	01.02.2001	Branch Advisory Committees
54	UBD.No.BR.11/16.74.00/98-99	30.06.1999	Collection and Dissemination of Information on Cases of Wilful Default of ₹25 lakh and above
55	UBD.No.DS.SUB.Cir.4/13.05.00/98-99	05.10.1998	Guidelines for Sanction of Working Capital Finance to Information Technology (IT) and Software Industry

56	UBD.No.DS.PCB.8/13.04.00/98-99	30.09.1998	Reliefs / Concessions for Exporters Affected by Cyclone in Gujarat
57	UBD.No.BR.3/16.74.00/98-99	29.07.1998	Disclosure of information regarding defaulting borrowers of banks at-id financial institutions
58	UBD.No.DS.SUB.19/13.05.00/97-98	12.02.1998	Reporting of Credit Sanctions
59	UBD.No.DS.PCB.Cir.28/13.05.00/97-98	16.12.1997	Guidelines for lending by banks- Assessment of working capital
60	UBD.No.DS.PCB.Cir.25/13.05.00/97-98	04.12.1997	'Bill' finance for settlement of dues of SSI suppliers
61	UBD.No.DS.PCB.Cir.15/13.05.00/97-98	21.10.1997	Loan system for delivery of bank credit
62	UBD.No.DS.PCB.Cir.47/13.05.00/96-97	23.04.1997	Guidelines for lending by banks - Assessment of working capital - Concept of maximum permissible bank Finance - Review of policy
63	UBD.No.DS.PCB.CIR.48/13.05.00/96-97	23.04.1997	Loan system for delivery of bank credit
64	UBD.No.DS.PCB.CIR.31/13.05.00/96-97	29.11.1996	Loan system for Delivery of Bank Credit
65	UBD.No.Plan.PCB.5/09.08.00/96-97	16.07.1996	Management of advances portfolio and control over advances
66	UBD.No.DS.PCB.Cir.64/13.05.00/95/96	31.05.1996	Loan System for Delivery of Bank credit
67	UBD.No.DS.PCB.Cir.63/13.05.00/95-96	24.05.1996	Lending to non-banking financial companies
68	UBD.No.BR.6/16.74.00/95-96	06.05.1996	Disclosure of information regarding defaulting borrowers of banks and financial institutions
69	UBD.No.Plan.PCB.60/09.78.00/95-96	08.04.1996	Equipment leasing and hire purchase financing activities
70	UBD.DS.PCB.CIR.54/13.05.00-95/96	23.03.1996	Realistic assessment of credit requirement Measures to prevent diversion of funds

71	UBD.No.DC.23/13.05.00/95-96	19.10.1995	Credit Monitoring System - Introducing of Health Code for borrowal accounts in banks
72	UBD.No.DS.PCB.CIR.22/13.05.00/95-96	13.10.1995	Loan System for Delivery of Bank Credit
73	UBD.No.DS.PCB.CIR.14/13.05.00/95-96	28.09.1995	Introduction of a loan system for delivery of bank credits.
74	UBD.No.DS.CIR.PCB.62/13.05.00/94-95	12.06.1995	Assessment of Working Capital limits of less than ₹1 crore-Clarifications
75	UBD.No.DS.PCB.CIR.59/13.06.00/94-95	31.05.1995	Norms for bank lending for working capital purposes-Revised guidelines
76	UBD.No.DS.PCB.CIR.60/13.05.00/94-95	30.05.1995	Lending to Non-Banking Financial Companies
77	UBD.No.DS.(PCB)CIR.58/13.05.00/94-95	17.05.1995	Bridge Loans / Interim Finance
78	UBD.No.DS.PCB.CIR.41/13.05.00/94-95	04.02.1995	Compliance with lending discipline-(a) Charging of uniform rates of interest for lending under consortium arrangement and (b) penal interest for non-compliance with the discipline
79	UBD.No.DS.CIR.PCB.43/13.05.00/94-95	10.02.1995	Guidelines on lending under consortium arrangements
80	UBD.No.DS.CIR.PCB.39/13.05.00/94-95	14.01.1995	Levy of commitment charge on unutilised portion of credit limit
81	UBD.No.DS.CIR.25/13.05.00/94-95	21.10.1994	Lending to non-Banking financial companies
82	UBD.No.DS.CIR.PCB.19/13.04.00/94-95	05.10.1994	Inventory / Receivables norms for various industries
83	UBD.No.DS.CIR.PCB.18/13.05.00/94-95	19.09.1994	Report of the in-House Group setup to review the role of Reserve Bank of India in laying down norms for bank lending for working capital purposes - Revised guidelines.
84	UBD.No.DS.CIR.PCB-3/13.05.00/94-95	06.07.1994	Guidelines on lending under consortium arrangements
85	UBD.No.(PCB).CIR.80/13.05.00/93-94	1.6.1994	Credit Authorisation Scheme - Co-ordination between banks and Financial institutions in ex-tending term loans

86	UBD.No.(PCB)50/13.05.00-93/94	14.01.1994	Restrictions on credit to certain sectors - Real Estate Loans
87	UBD.No.POT.47/09.51.00/93-94	06.01.1994	Incidence of guarantee premium payable to Deposit Insurance and Credit Guarantee Corporation
88	UBD.No.(PCB)DC.40/13.05.00/93-94	13.12.1993	Credit Authorisation Scheme - Treatment of term loan instalment for assessment of working capital requirements
89	UBD.No.Plan.22/09.11.00/93-94	28.09.1993	Monitoring of flow of funds
90	UBD.No.(PCB)5/13.06.00/93-94	14.08.1993	Credit Authorisation Scheme - Co-ordination between banks and Financial institutions in ex-tending term loans
91	UBD.No.(PCB)1/13.06.00/93-94	12.7.1993	Review of inventory / receivable norms for financing vegetable and hydrogenated oil industry
92	UBD.No.DC(PCB)99/13.06.00/92-93	30.06.1993	Review of inventory / receivable norms for financing biscuits and bakery products industry
93	UBD.No.(SUC)DC.124/13.06.00/92-93	30.06.1993	Inventory and Receivables Norms Basmati Rice
94	UBD.No.(PCB)54/DC(R.1)-92/93	7.4.1993	Restriction on Credit to Certain Sectors
95	UBD.No.(PCB).DC45/R.1/92-93	25.02.1993	Credit Authorisation Scheme Treatment of term loan instalments for assessment of working capital requirements
96	UBD.No.41-UB.17(c)-92/93	10.02.1993	Guidelines for relief measures by urban banks in areas affected by recent riots
97	UBD.No.I&L.40.J.1.-92 /93	09.02.1993	Diversion of working capital funds
98	UBD.No.(PCB)29/1)C.(R.1)-92/93	26.12.1992	Bridge Loans / Interim Finance
99	UBD.(PCB)5/DC.R.1A/92-93	24.07.1992	Inventory and Receivables norms for power Generation / Distribution Industry
100	UBD.(PCB)3/DC.R.1A/92-93	14.07.1992	Inventory and Receivables norms for certain segments of Chemical Industry Essential Oil based chemicals



101	UBD.(SUC)36/DC.R.1(A)-90/91	31.05.1991	Restrictions of Drawals Under Large Cash Credit Limits
102	UBD(PCB)42/DC.HC.(Policy).90/91	11.2.1991	Credit Monitoring System Health Code for Borrowal Accounts in Urban Co-operative Banks
103	UBD.PCB.2/DC.(R-1)-90/91	20.07.1990	Financing of Leasing / Hire Purchase Companies
104	UBD.(SUC)22/DC.R-1-90/91	7.7.1990	Credit Monitoring Arrangement Lending Discipline - Quarterly Information System (QIS)
105	UBD.No.DC.113/R.1A-89/89	24.04.1989	Assessment of Working Capital Requirements - Inventory / Receivables Norms for Paper Industry and for Consumable Spares
106	UBD.No.DC.27/R.1.A-88/89	23.08.1988	Inventory / Receivables Norms for Engineering Industry
107	UBD.No.(DC)2/R.1-A-88/89	8.7.1988	Inventory / Receivables norms for Certain Segments of Chemical Industry
108	UBD.No.(DC)123/R.1-87/88	31.05.1988	Credit Monitoring System - Introduction of Health Code for Borrowal Accounts in Banks
109	UBD.No.(DC)101/R.1-A-87/88	15.02.1988	Inventory / Receivables Norms for Various Industries
110	UBD.No.I&L.67/J.1-87/88	21.11.1987	Advances to Builders / Contractors
111	UBD(DC)104/R.1-86/87	25.06.1987	Guidelines for Assessment of Working Capital Requirements, Opening of Letters of Credit and Issue of Guarantees
112	UBD.DC.84/R.1-86/87	3.6.1987	Credit Monitoring System - Introduction of Health Code for Borrowal Accounts in Banks
113	UBD.(DC)57/R.1-86/87	19.02.1987	Defaults in Payment of Statutory Dues by Borrowers
114	UBD.No.DC.41/R.1-86/87	07.11.1986	Withholding of Credit Facilities to Borrowers to Ensure Financial Discipline
115	UBD(DC)83/R.1-85/86	24.03.1986	Certification of Accounts of Non-Corporate Borrowers by Chartered Accountants

116	UBD.No.I&L.38/J.1-85/86	11.10.1985	Advances Granted by Urban Co-operative Banks - Diversion of Funds
117	UBD.P&O.1383/UB.17(C)-84/85	22.05.1985	Guidelines for relief measures by urban banks in areas affected by natural calamities
118	UBD.POT.654/UB.17(C)-84/85	23.11.1984	Banks assistance to persons affected by recent disturbances
119	ACD.OPR.1569/A.35-79/80	02.10.1979	Measures to restrict further credit expansion
120	ACD.OPR.2697/A.75/74-75	24.12.1974	Credit Authorisation Scheme for Co-operative banks
121	ACD.OPR.1222/A.75/74-75	7.9.1974	Credit Authorisation Scheme for Co-operative banks
122	ACD.Plan.3109/PR.414(9)/68-9	18.06.1969	Working group on industrial financing through co-operative banks - recommendations pertaining to the urban co-operative banks - action required.

**B. List of Other Circulars from which instructions relating to Management of Advances have also been consolidated in the Master Circular**

No.	Circular No.	Date	Subject
1.	UBD.No.I&L/69/12.05.00/93-94	13.05.1994	Committee to enquire into various aspects relating to frauds and malpractices in banks (Ghosh Committee)
2.	UBD.21/12:15:00/93-94	21.09.1993	Committee to enquire into various aspects relating to frauds and malpractices in banks primary (urban) co-operative banks
3.	UBD.No.2420-J.20-83/84	02.04.1984	Frauds, Mis-Appropriation, Embezzlements And Defalcation Of Funds In Primary (Urban) Co-operative Banks