ADVANCES

I. COMMON GUIDELINES FOR VERIFICATION OF ADVANCES PORTFOLIO

1. INSPECTING OFFICERS SHOULD

a) Go through credit reports/pre-sanction credit appraisals and **comment** on the adequacy of credit appraisal, effectiveness of pre-sanction / post sanction and post disbursement follow-up under appropriate heads / portfolios..**BRINSP1002**

b) Ascertain the method of assessment of Working Capital limits (three methods are in force i.e., Turnover method, modified MPBF System and Cash Budget System) and check the correctness of the Method / System adopted. **BRINSP 1002,3123**

CHECK WHETHER :

c) The branch has adhered to the lending norms prescribed by the Bank, RBI and Government from time to time.
d) The Assessment of Working Capital limits is based on realistic sales projections which have bearing on past trends / achievements **BRINSP 1011**
e) The branch has obtained appropriate application form for the loan proposals / renewal proposals along with ITAO / WTAO, latest financial statements and other relevant papers from the borrowers for scrutiny, analysis & appraisal. **BRINSP 1010**
f) The branch has verified the CIBIL Data , Defaulters list of RBI, Caution list of ECGC , List of undesirable parties and recorded their remarks in the credit reports. **BRINSP 1006**
g) i) Search reports are obtained yearly as per norms (**CIR 24/08**) **BRINSP 1250**
ii) memorandum filed by Medium enterprises is obtained
h) The branch has certified the photostat copies of papers / documents submitted by the borrower after verifying the originals.
i) Financial statements are analysed and commented as per guidelines. Critical ratios are arrived and commented. Available balance sheet is not more than 6 months old. **BRINSP 1002**
j) The branch has implemented "token of service" **BRINSP 3001**
k) Time norms for disposal of Credit Proposals are observed in all cases. ,
l) i) Credit reports / appraisal reports are prepared in the required formats. Resume of accounts is prepared in NF563. **BRINSP 3010**
ii) Particulars of properties of the borrowers and co-obligants are obtained in NF-589 along with proper documentary proof and

particulars given therein are certified by the Branch for its correctness with reference to records available . BRINSP 3006,3007,3008

m) All credit limits are backed by sanctions from appropriate authorities and SA has affixed the signature with name and designation. BRINSP 1205, 3002

n) i)OPL and NOC have been obtained before sanctioning limits / loans to parties dealing with / enjoying credit facilities with other Banks. BRINSP 1009 ii)Credit investigation reports are obtained in NF 588 as per norms BRINSP 3003

o) Loans / limits sanctioned by the branch are properly classified depending upon the nature of finance requested by the borrowers.

p) All branch sanctions are within the delegated powers and subject to credit restraint measures issued from time to time (REF CIR 236/2008 and 222/2009) BRINSP 3102

q) Maintenance and submission of NB 139/140/179/117 is as per guidelines. BRINSP 3101,

r). Branch has adhered to guidelines regarding sanctioning of loans to the borrowers who do not comply the norms of current ratio and to parties who are rated Moderate and High risk . BRINSP 1002

s) Details in respect of Directors whose names appear in the RBI's Defaulters list have been called for and grounds to consider the limits to such company have been properly discussed in the appraisal note BRINSP 1006

t) Instances where the proposal rejected by higher authority was sanctioned at branch level.
(Proposals from SC & ST / SME(Mfg) / EL / Export parties are rejected after referring to higher authority) BRINSP 3014

u) Details of applications rejected at branch level are recorded in a register, for review by controlling authorities visiting the branch.

v) Branch has adhered to time norms for disposal of loan applications

w) Refinance facility from IDBI, SIDBI, NABARD etc., has been availed wherever eligible .BRINSP1008
All eligible loans are covered under CGMSE scheme (REF ITIO39/07) BRINSP 1309
Eligible subsidy is claimed as per norms and followed up for receipt. BRINSP 3013

x) i)Appropriate rate of interest charged and processing charges are recovered as per communication received from time to time (Ensure that aggregation of limits enjoyed by the party is done while fixing rate of interest). Ii) Commitment charges are collected for non availment of sanctioned limit /loan as per guidelines BRINSP 4012,4008

y) Register for noting revision in rate of interest is maintained and all changes are updated in the system .

z) i) Branch has complied with or implemented Fair Practice Code for lenders. **BRINSP 3767** ii)) Telephonic sanctions are backed by confirmation in NF 254 and the branch is maintaining a separate note book/register for noting down the details of telephonic sanctions. Iii) Pre sanction visits and post sanction visits are conducted as per guidelines and recorded .**BRINSP 1005,1320**

2. VERIFY WHETHER :

a) Guidelines issued by HO have been followed in respect of exercising the sanctioning powers by the authorities at various levels and who are due for retirement . **(REF : DELEGATED POWERS CIR 236/2008)**

b) Inspection observations on the party's accounts / group accounts have been included in the credit report/ review notes in respect of loans / advances to be sanctioned by RO / CO/ HO

c) Loan papers obtained are in order (**Unstamped / under-stamped documents should be reported under Part - B) BRINSP 1206**

d) Certificate of loan papers obtained in NF 482 is prepared for all sanctions (Certificate of compliance in NF 967 for loans under Retail Lending Scheme) and signed by both Officer and Manager where amount exceeds Rs.5,00,000/-, and, irrespective of amount where EMT is involved. **BRINSP 1207,1208**

e) AOD / Letter of Revival(VSL/GL) is obtained as applicable and is complete in all respects. (within 27 months where pronote / agreements are obtained and within 27th month from date of commencement of repayment where EL agreement is obtained) .
Note: AOD is to be obtained in the prescribed format even when the borrowal account shows credit balance and non availibilty of AOD to be brought under Part B BRINSP 1242,1243

f) In respect of advances covered by Selective Credit Control directives of RBI, the rules regarding permissible peak level advances, margin requirements, interest rates and restrictions on grant of clean advances are adhered to.

g) The limits, rate of interest, date of loan papers, Expiry date of limit, details of securities, operational instructions etc., are properly noted in the system and modifications in the master particulars if any are recorded and authenticated .

<u>VALUATION OF VARIOUS KINDS OF SECURITIES ON CREDIT EXPOSURE – GUIDELINES – (HO CIR NO.148/2009)</u>

3. **ADHOC CREDIT FACILITY: (REF CH 4 OF CIR 236/2008)**

CHECK WHETHER :

a. Adhoc credit facility is exercised within the delegated powers and are duly recorded . **Period for which facility is permitted along with**

reasons for exercising ADHOC CREDIT FACILITY is noted in printouts of exceptional transactions (maximum period permitted is 90 days and subject to certain conditions) BRINSP 3103,3104

b. Reporting to RO/CO is done promptly if the liability in respect of credit facility permitted under adhoc credit facility is not cleared within the permitted time limit. BRINSP 3106

c. Documentation is obtained for adhoc facility granted / outstanding for more than 15 /30 days for clean / secured .

d. Addditional ROI of 2 % charged for the facility (other than export limits)

e. guidelines are followed in respect of adhoc facility to non borrower clients .(max 10 % of powers to sanction of clean loans upto 15 days))

f. Legal compliance certificate has been prepared for all ACF outstanding beyond the permitted period BRINSP3108

g. Fresh adhoc facility permitted when an adhoc credit facility is outstanding beyond the time limit permitted

h. Reporting of adhoc facility outstanding beyond due date.

CHECK WHETHER :

1. When the borrower firm is reconstituted with substitution / retirement / induction of new partners, necessary formalities have been observed and report in NF384, submitted to the controlling authority and permission / approval of RO / CO has been obtained , in case of other than branch sanctions

2. Whenever there is change in the constitution by way of merger / amalgamation, permission from the respective sanctioning authority has been obtained for continuation of the limits

3. Assets are insured as per norms. Depending on the merits of the case, insurance may be waived in case of loans/advances up to Rs.25000 to farm sector and up to Rs.50000/- to other sectors,; risk letter in NF 368 is obtained in all cases of waiver of insurance. However, in respect of Govt Sponsored schemes like IRDP, PMEGP and also Vehicle Loans, Insurance cover is taken irrespective of the quantum of loan. Check follow up for obtention / renewal of fire insurance is adequate .List out cases of non insurance, under insurance, break in insurance under respective portfolios and comment . BRINSP 1312,1313,1314

4. Security norms, documentation, rate of interest, margin , repayment period etc. are as stipulated in relevant Government Sponsored Schemes and interest is charged for the loan amount excluding subsidy portion. BRINSP 1003

5. In respect of loans / overdrafts to persons, firms and companies in India against guarantees of individuals, firms, companies (including banks) outside India ensure that:

i. No direct / indirect outgo of Foreign Exchange is involved by way of guarantee commission or otherwise.
ii. The loan is fully secured by primary security in the form of hypothecation / mortgage of assets.
iii. RBI Regulations advised from time to time have been followed .

6. In respect of finance to leasing, hire purchase and finance companies whether guidelines issued from time to time are complied with i.e.,
To consider finance only in cases of full payment lease.
i. Primary period of lease is only upto five years.
ii. Maximum lending is restricted to three times their Net owned funds.
iii. Bills discounting/rediscounting also forms part of working capital limits
iv. Facility is extended to machinery also.

7. Wherever second charge on fixed assets which are already charged to term lending institutions is stipulated, the branch has adhered to procedural guidelines. BRINSP 1338
8. Appropriate account opening forms and quarterly balance confirmations are obtained in case OD / OCC accounts
9. Where the branch has taken possession of and / or disposed of the securities hypothecated / pledged to the Bank, has the branch adhered to procedural guidelines ? BRINSP 3401
10. a) In respect of loans wherever mortgage is stipulated - BRINSP 1224 TO 1239

CHECK WHETHER :
i) All formalities detailed in the manual on documentation have been observed .
ii) Mortgage put through is in order
iii) LSR checklist is prepared and submitted by the advocate as per CIR 266/08
iv) Lawyer has certified / confirmed having verified originals of documents, copies of which are to be accepted for putting through EMT.
v) LSR checklists are prepared and are approved by the branch in charge/ SA
vi) Certificate for having physically verified the EMT property along with location map / photos / site inspection report are available.
vii) negative lien letter has been obtained where mortgage is created at a later date and details thereof noted in security register
viii) Guidelines are followed in respect of third party property taken as security (ITIO 45/06) Cir 264/08

11. Check whether current and fixed assets obtained as prime / collateral security have been got valued by outside panel valuers as per guidelines. (REF CHAPTER 8.4 OF CIR 222/2009) BRINSP 1226

12. check whether guidelines are complied with while continuing loans/overdraft to residents who become non-residents i.e., Obtention of -

a) Request for continuance of loans/overdrafts furnishing details like date of departure from India, present/proposed Foreign address for communication purpose of visit abroad; probable duration of stay and reasons for continuing the Rupee loan.

b) Undertaking to clear the loan within the original due date or within a year from the date of departure from India whichever period is longer. Further, it is to be ensured that the borrower is a citizen of India/person of Indian Origin and Loan was not for investment purpose and that loan/OD amount does not exceed the amount outstanding when he became non-resident.

c) Undertaking to ensure repayment from fresh inward remittance / NRE accounts. **NOTE : Interest at commercial rate is to be charged when the loan is cleared out of funds in NRO Account..**

13. In respect of loans granted to Power of Attorney (POA) holders check whether all conditions complied with , some of which are listed below:

:a) PA should be in force.

b) Must have been notorised or executed before a Magistrate or it must be a registered one.

c) Confirmation in writing from the Principal stating that the PA is still valid while sanction/renewal of limits, obtaining AODs etc.

d) PA must specify and authorize the Attorney to do such specific acts to raise loans and to execute the relative documents and further the Principal is bound by such acts of the Agent and all liabilities arising thereof.

e) Specific clause should be available in PA for attorney holder to (i) create security and put through EMT, (ii) to execute loan papers and to give AODs.

f) Advocate's opinion to be obtained regarding legality and veracity of the PA also wherever LSR is obtained for mortgage of lands.

g) The original PA is to be verified and copy duly verified with the original must be kept along with loan papers

h) The loan account is to be maintained in the name of Principal only. However it is to be mentioned that the principal is represented by PA Holder. At the top of ledger folio, the date of PA & the period of its validity shall be noted.

CHECK WHETHER -

14. All priority sector loans are properly classified and reported in various MIS data (REFER CIRCULARS 150/07,44/08 &134/08)
15. The branch has obtained audited / un-audited financial statements as under: BRINSP 1010
    a) Non-corporate Borrower (existing as well as new)
       i. for aggregate limit upto Rs.20/- lakhs (fund based/non-fund based) - unaudited financial statements. For aggregate limit exceeding Rs.20/- lakhs - Audited Financial Statement.
       ii. Where by virtue of existing laws in force the borrowers are bound to get their accounts audited - in all such cases audited financial statements (irrespective of quantum of limit)
    b) In the case of corporate borrowers - only audited financial statements.
16. Prior permission from the next higher authority for taking over of borrowal accounts from other banks is obtained. (SME advances / canara trade exempted REF CIR 236/08 & 222/2009) BRINSP 3113
17. a) detailed scrutiny has been conducted before allowing withdrawals from cash credit / overdraft accounts on an ongoing basis, even when there is sufficient drawing power, to ensure that the limits are used for the purpose for which they are sanctioned
    b) in respect of large Borrowal accounts, withdrawals above Rs.25 lakhs are closely monitored
18. Details of cash withdrawals of Rs. ten lakhs and above from overdraft / cash credit etc. are generated on a daily basis and the statements are submitted as per norms
19. Tenability of limit is fixed according to the risk rating. (REF CH 6.3.6 OF CIR 222/2009)
20. Letter of attestation/declaration (NF 821) is obtained in the following cases from persons knowing the language of the document (including AOD) BRINSP 1215
    a) for attestation of thumb impression of illiterate borrowers on loan documents.
    b) Where the borrower signs the document in a language other than the language of the document.
    c) While obtaining the loan documents from the purdahnishan ladies, a declaration from a female declarant not related to the borrower.

21. The following are obtained from the promoters for off-loading their quota of shares when term loans from Banks / FIs are outstanding
    a) Undertaking Letter to the effect that they shall not off-load the shares where the loans are outstanding.
    b) declaration from all the promoters every year that they continue to hold shares in their names and such declarations are accompanied by a certificate from the company's auditors that they have verified the

shares and the same are continued to be held in the names of the promoters.

22. The branch has classified Assets as per prudential norms issued from time to time by HO, and obtained confirmation from RO / CO for other than branch sanctions.
23. Stock statements are submitted within stipulated time and comment on undue delay . Check whether the accounts where stock statements are not submitted within one month from the due date are reported in special watch statements. (REF ITIO 1/07) BRINSP 1322 ,6004
24. Interest is serviced. If not serviced for more than 3 months ensure that the account is treated as irregular/ NPA.
25. Extension of tenability permitted is as per the guidelines .(limit should not be extended for more than 4 months. REF CIR 222/2009)
26. Any Adhoc credit facility is permitted / operation is permitted in expired limits .
27. Credit Risk Rating is done as a pre sanction exercise and recorded. BRINSP 1001

28. Processing and documentation charges are collected as per guidelines in respect of non priority loans (REF CIR 96/07) BRINSP 4010, 4008
29. Guidelines are followed in respect of proposals received from close relatives of existing individual borrowers.(REF 3.40 of CIR 236/2008)

: CHECK WHETHER:

30. All classification codes as per CIR 124/06 is incorporated in the sanction memo. Name and designation of the SA is furnished in the sanction
31. Sanction with protective clause, pre payment clause etc is conveyed against acknowledgement and acknowledged copy is preserved with loan papers BRINSP 1203,1204
32. Documentation obtained is as per guidelines BRINSP 1201

33. concession in rate of interest, waiver of processing charges / upfront fee & commission on DD, wherever allowed, are as advised by H O from time to time or as permitted by appropriate authority. BRINSP 4011

1. BALANCING :

CHECK WHETHER -

a) the branch has adhered to guidelines on balancing system

- in computerized branches, balancing reports should be generated on stipulated due dates (non-detailed balancing as on last Friday for all General Ledger subheads)
- balancing / balancing reports should be checked, tallied, authenticated and preserved.
- differences, if any, should be reported by the branch in PRR 18.

2. RENEWAL OF LIMITS :

CHECK WHETHER –

a) Credit Programme is prepared and all working capital limits and submitted in PRR 8.
b) Guidelines for Renewal / extension of credit limits are followed as per credit policy guidelines (REF CIR 222/09)

NOTE: 1st Extension by the respective sanctioning authority and 2nd Extension by circle head only for sanctions upto circle head

3.. REPORTING OF BRANCH SANCTIONS :

CHECK WHETHER -:

a) Monthly report of branch sanctions (NB 139 / 140 / 117 / 179) / enhancement is submitted to RO / CO promptly along with credit reports for review as per guidelines BRINSP 3101

b) The monthly report includes all the Branch Sanctions made during the month as per norms . Delay in reporting and non reporting to be critically commented. (REF CIR 51/2007)
Copies of the credit reports of all the branch sanctions are submitted for review and review observations are duly complied. BRINSP 3114,1307
c) Sanctions of credit manager / senior manager of VLB/ELB are reviewed by branch in charge.
Any spurt in advances/ abnormal increase in particular portfolio is to be commented.
d) Changes in terms and conditions permitted subsequently like substitution of property, waiver of personal guarantee, rephasement etc. are reported.
e) Cases of misutilisation of loans and / or diversion of funds (if any) have been reported to RO / CO (list out cases of non-reporting if any)

f) Overdrawings / TOD not regularized within due date are reported in special watch list. BRINSP 1401
g) List of special watch accounts has been compiled properly, reviewed and submitted promptly to the controlling office at stipulated intervals. Hard copies of the returns are preserved for verification. BRINSP 1401
h) Risk Rating has been done in case of all borrowal accounts wherever applicable. BRINSP 1001

4. PRESERVATION OF LOAN PAPERS, SECURITES, ETC.

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CHECK WHETHER :

a) Loan papers are preserved properly in Double Lock/ FBR safe and their movement is recorded in DL movement Register (NB 27) . Check whether number of loan papers in D.L. are tallied with number of loans as per balancing report.

b) True copies of loan papers are sent to R & L Section, C.O. for scrutiny in respect of loans and advances of limits of Rs. One crore (both fund based and non fund based including adhoc limits) and above, except in case of loans / advances against term deposits of our Bank. BRINSP 1209

c) Tangible securities (LIP / DR / Shares, etc.) are held in Double lock , duly recorded in security register and their withdrawal recorded , as and when they are taken out

d) acknowledgement for securities returned on closure of Borrowal accounts is obtained in ledger sheets (manual environment) or on application (in computerized branches)

5. INTEREST :

CHECK WHETHER :

a) Revision of Rate of interest is advised to borrowers/ displayed in the notice board and confirmation sent to C.O

b) Register for noting details of updation of ROI in the system is maintained. BRINSP 4018

c) ROI / service charges / processing charges / documentation charges / inspection charges / overdue interest levied are as per guidelines and penal interest on delayed submission of stock statements, irregular accounts of employees etc is levied wherever applicable. BRINSP 4008,4009,4010,4012,4014,4015,4016,4017

d) Register for entrustment of calculation / application / checking of interest is maintained.

AND

PRODUCT DUMPS ARE GENERATED , CHECKED AND PRESERVED

e) Short collection of interest observed during inspection is debited on quarterly compounded basis to the loan account, when there is no balance in the operative account of the borrower. Proper compounding is ensured in case of delayed collection / short collection.

f) PRR 18 - A is promptly submitted BRINSP 3715

g) Additional products for the intervening days are correctly extended in case of inward clearing cheques debited to the account on subsequent day .

h) Graded Rate of Interest wherever applied (SME / SRTO / Group concerns, etc) is as per guidelines and scoring matrix sheet is prepared and kept with loan papers
i) Products for number of intervening days are extended for the outward clearing cheques returned
j) Interest has been promptly debited at stipulated intervals
k) Penal interest @ 2 % on diverted funds, till date of replenishment and @ 1 % for delayed EMT / II charge is collected
l) branch has ensured not to pay interest on back-ended subsidy amounts and not to collect interest on liabilities, up-to the extent of such subsidy.
m) Extension of interest subvention upfront.

CHECK AS PER NORMS, INTEREST & OTHER CHARGES
(processing charges godown / security Inspection charges, ledger folio charges, OPE , etc)
COLLECTED AND RECORD YOUR OBSERVATIONS

(KINDLY REFER TO THE COMPENDIUM ON INCOME LEAKAGE PROVIDED FOR FURTHER DETAILS)

6. REVIEW OF BORROWAL ACCOUNTS :

CHECK WHETHER -

a) MTR (mid term review) covering sanctions of AGM and above authorities (leaving exempted categories) have been drawn up and submitted to Circle Office BRINSP 1333
   a. review report for advances of Rs.ten crore and above, and, special watch accounts of Rs. one crore and above, are submitted to CR & M S
   b. bimonthly CMS data is submitted in respect of limits of Rs 1 crores and above. BRINSP 1335
   c. CMO is effective and comment BRINSP 1334
   d. Quick Mortality accounts have been correctly identified and reported
   e. MSOD /QOS/HOS statements are submitted promptly BRINSP 1322,1332
   f. Ratification notes seeking approval are submitted to appropriate authority within the stipulated period .BRINSP 1310

7. CLASSIFICATION OF ASSETS :

CHECK WHETHER -

a) asset classification in latest balance sheet is as per guidelines and correct and IRAC norms are followed strictly. BRINSP 1412
b) *Status of asset has been updated in the system* .
c) Classification of advances into performing and non-performing assets is borrower--wise (and not account-wise).
d) Classification of assets has been done on the net liability (i.e., after netting off the amount lying under DICGC / ECGC settled amounts) only .
e) in case of Bills, status has been reckoned on individual bill basis and not on liability.
f) in case of consortium advances where our Bank is a member, the classification as per our books only is adopted
g) in respect of apportioned limit, the classification adopted by Main Branch is followed
i) Upgradation of NPAs is either on account of recovery or on rectification of deficiencies, for which they had been classified as NPAs.

j) 1. In case of accounts under nursing where rephasement of installment / interest is done, whether classification under Standard assets is done only when the account shows satisfactory performance for a continuous period of one year from the date of such rephasement.
2. loss assets are re-classified into doubtful assets only when fresh security with a minimum value of 10% of the liability is infused

k) Mirror Account is maintained for all NPA accounts including LPD a/c BRINSP 4013
l) NPA policy guidelines and recovery policy guidelines are followed.<u>(HO Cir No.246/2008).</u>
m) Guidelines as per CIR 64/07 is followed when an account is slipped to NPA

8.. SICK UNITS:
a) Furnish account-wise brief resume of progress in respect of units under nursing programme / marked for recovery.
b) Mention the accounts, if any, which are indicating, in their conduct, possibility of becoming sticky
c) Check whether the branch has submitted statement (along with Certificate) as per guidelines.

9. IN RESPECT OF JOINT STOCK COMPANIES:

CHECK WHETHER:

a) Memorandum of Association and Articles of Association are examined to confirm compliance of aspects such as objects/borrowing powers. Documents are executed in conformity with the Board resolutions. BRINSP 1248

b) Resolution under Section 293 (1)(a) of the Companies Act 1956 is passed by the General Body either in Annual General Body Meeting or in the Extraordinary General Body, if advances are granted against immovable property

c) In case of a Ltd Co., offering Corporate Guarantee / immovable property as security , the MOA of that company permits III party Guarantee / mortgage, and ,necessary Resolution has been passed.

d) In case of DPGs, specific resolution is passed by the Board of Directors and Certified copy is on record.

e) Bank's Charge is created with the Registrar of Companies within the stipulated time BRINSP 1249

f) the branch has ensured that commission or brokerage is not paid by the Company to the Directors for offering personal guarantee (branch should ensure this by obtaining Annual Auditor's Certificate and inspection of company's records during Inspection) AND obtained declaration as per Documentation Manual.

g) Prescribed power of attorney is obtained and registered with the purchasers or Government Departments, etc., in respect of advances against hypothecation of book-debts / supply bills,

h) Negative lien undertaking letter is obtained wherever stipulated .

i) Assets (moveable and immovable) taken as security are available and insured for full value BRINSP 1312

j) Obtention of loan papers, registration / modification / satisfaction of charge, obtention of personal guarantee of Directors are as per Guidelines BRINSP 1249

k) Before permitting fresh loan / renewal of limit to Ltd.company “NIL” search certificate has been obtained. BRINSP 1250)

l) Periodical verification of books with the Registrar of companies is done and register for recording charges registered / modified / satisfied is updated

m) Certificate of Registration is obtained and kept along with loan papers. , and, whether acknowledged copies of e filing are obtained BRINSP 1249

n) Any clean / secured loans has been granted to companies / firms to repay the debenture / loans from group concerns / repayment of inter corporate deposits, etc

o) Branch has recorded adverse features like raids conducted by Government agncies on corporate offices, if any, in their credit reports / office notes submitted to higher authorities.

p) Branch has obtained search report every year.

q) Whether the borrowings are within 293(i) (d) of Companies Act ?

10.. INTEREST COLLECTED: BRINSP 4012,4014,4015,4016

VERIFY THE FOLLOWING ASPECTS AS PER NORMS:

a) Monthly / Quarterly / half yearly consolidated interest collected figures as per GL or system generated reports with the relative entries in interest collected subsidiary.
b) Monthly / Quarterly / half yearly interest debited to individual accounts with the relative figures in the subsidiary
c) Stray debits to individual loans / advance accounts in the nature of "differential interest collected" with relative credit to interest collected subsidiary.
e) Check whether non-interest amounts (such as premium, inspection charges etc.) debited to loan accounts have been recovered monthly; if not, check whether penal interest is collected on such amounts.

11.. COMMISSION: BRINSP 4001,4002,4003,4004,4008,4009,4010

VERIFY THE FOLLOWING :

a) Monthly / quarterly / half yearly debits to borrowal accounts towards godown inspection charges etc as per balancing book / debit slip with relative credit entries in commission account.
b) Commission / service charges collected in cash / debit to borrowal account or operative account at the time of granting etc. with the commission subsidiary
c) Stray debits to borrowal accounts with narration "Differential commission" or " SC " with relative credits to Commission subsidiary.

12.. CONSORTIUM ADVANCES: (Specific Points)

CHECK WHETHER -

- Information has been exchanged between the members at periodical intervals
- Drawing power has been advised to the member banks when our bank is the leader and the drawing power sheet is received from the leader bank when we are the members

- DP so arrived / received has been reviewed and recorded in the drawing power book / computer. (Ensure that the drawing power arrived is as per the sanction terms).
- Pro-rata NFB / FOREX business is routed through our Bank If not, comment on the action initiated.
- Joint inspection of godowns as per the consortium decision has been conducted and, copy of reports forwarded to the sanctioning authority with the branch comments.
- consortium meetings have been held as per the guidelines, minutes drawn / received within 15 days of the meeting and copy thereof endorsed to the sanctioning authority for their review. BRINSP 3204
- Circle representatives are attending the meeting as per the guidelines.
- decisions of the consortium meeting have been reviewed during the next meeting, the views recorded., and pending matters conveyed to the sanctioning authority
- appraisal note has been received from the lead bank while processing the proposal.
- concurrence from / of other participating banks has been obtained in writing , for granting ad-hoc or ST limit, outside the consortium
- joint documentation has been completed and lead Bank has registered the charge with ROC
- Pari-passu charge has been created
- Lead bank fee has been collected as per the guidelines
- Authority letter to lead bank obtained from the DGM of Circle Office .
- <u>Lending under consortium multiple banking arrangements also please refer HO Cir 281/2008, 2/2009, 77/2009.</u>

III . TYPES OF LOANS & ADVANCES :

III. 1 . A : OCC / KCC / PL: (PRODUCT CODE :)

1) Peruse borrowers CR files and related records and critically comment.
2) a) Scrutinise loan papers and record observations / comments
   b) Check whether stock cum MSOD Statement is obtained periodically in the prescribed format and forwarded to SA as per sanction terms .BRINSP 1322
   c) Check operations in the account and record critical comments.
3) Are the drawings in OCC / KCC within available drawing limit / sanctioned limit and is drawing limit correctly calculated ?BRINSP 1328
4) Check whether diversion of funds if any, has been reported to the controlling office as per the guidelines and whether applicable P.I has been recovered BRINSP 3203

5) Verify the stock under pledge / hypothecation as per norms., and test check the correctness of weight / volume / contents with the details of godown / stock register maintained by the parties .
6) Verify whether godowns are reasonably safe for storage of goods.
7) Are goods pledged / hypothecated apparently in good condition and well arranged ?Whether the branch has inspected the godown regularly **BRINSP 1323**
8) Are special precautions / procedures complied with in respect of advances on commodities like cardamom, raw rubber, radio sets, drugs, pharmaceuticals, chemicals, etc.?
9) Has the branch complied with margin stipulated by Bank / RBI guidelines for SCC commodities ?
10) Check the value of goods pledged/hypothecated with invoices and comment and check whether original invoices or true copies are kept with the Branch, in case of KCC ,/ PL .
11) Comment on old and non-moving goods, if any, and also unpaid goods.
12) a) Verify availability of insurance cover for fire, strike, riot, burglary risks for all stock including stock in transit, goods with processors / released on trust etc.
b) If insurance is waived by appropriate authority, check whether risk letters have been obtained **BRINSP 1211**
c) Verify whether policies contain Bank clause. **BRINSP 1312**
d) Where goods are held in different godowns check whether the policies contain correct address and description of merchandise
13) Check whether half yearly Balance confirmations are obtained and signature therein verified
14) Scrutinize QOS statement and verify whether the outstanding level of inventory is within the accepted level . If not, comment.
15) Where godowns are taken on rental basis, has the rent been paid upto date and whether a notice to the effect that the Bank alone has charge over the goods stored therein served on the landlord ?
16) In respect of godowns which are in the premises of a third party or the passage leading to the godown is under ownership of a third party, is letter of access obtained ?
17) Where goods not under hypothecation are also stored, is appropriate risk letter obtained ?
18) Is the checking of stocks pledged / hypothecated being done as per norms and proper record of such checking maintained ? (checking should be done on rotation basis). **BRINSP 1324, 1325,1326**
Inspection of Stocks by CM/AGM/DGM heading the branch (Cir no.284/2008, 2/2009).
19) Are hypothecation / pledge boards displayed permanently both inside and outside the godown ?
20) a) Is there proper follow up for receipt of MSOD, QOS data, half yearly Balance Sheet, etc.?

b) Is there proper follow-up for receipt of MSOD / QOS / HOS / Funds flow statements/ Audited Balance Sheet and P & L account, etc, ?

c) Has the branch reviewed the QOS / HOS data vis-a-vis accepted levels as per sanction and followed-up with the party for rectification of deficiencies observed in compliance of norms ?

d) Is penal interest / additional interest charged for non-submission of Stock statement / sanction of adhoc limits? Check whether waiver, if any, is backed by permission. BRINSP 4015

21) Where goods are stored in bonded warehouse verify whether noting of Bank's lien is done as per procedure.

22) Preparation of NF 814

III . 1 . B. APPLICABLE TO KCC / PL (IN ADDITION TO III . 1. A) :

1) Are the provisions complied with where advances are disbursed directly to the suppliers (after obtaining loan papers) before delivery of goods ? Are the due dates for delivery of goods diarised and followed up for securing the goods ?
2) Is Register for godown locks and keys maintained ?
3) Are all godown keys verified and checked with the lock register and found in order ? Are the duplicate keys also held in double lock? Is movement of godown keys noted in double lock register ?
4) Do all the locks used have the Bank's name engraved on them ?
5) Are the value of goods shown in delivery orders found to be correct and the delivery orders are duly signed by the borrower for having received the goods ?
6) Where advances are against document of title to goods, are the relative goods covered by transit insurance and lien notices sent to the Transport companies, wherever necessary. ?
7) Are godown cards maintained properly in each godown and kept uptodate ? Are the cards initialed by godown clerk during pledge / release and also by Branch officials during their periodical stock checking. ?
8) In case of advances against warehouse receipts, check whether -

   a) notices of lien given by the Bank to the warehouse keeper and his acknowledgements thereof have been examined and found in order

   b) Receipts are issued in the name of the borrower and endorsed to the Bank.

   c) the details shown in warehouse receipts tally with those given in PL application.

   d) the goods have been inspected by Branch officials regularly

9) Are all trust releases supported by sanction from appropriate authority ?

10) Where goods have been permitted to be stored in the open , have necessary precautions, been taken. ?
11) Are the conditions stipulated for loose storage, pit loans etc. adhered to ?

12) Is there any instance of re-pledging of goods once released from PL / KCC ?

13) Check whether -

.a) trust releases are supported by sanction from appropriate authority

b) appropriate documentation including relative trust receipts have been obtained before release of goods / documents of title to goods

c) liability register for trust release is maintained

d) liability is got cleared within the stipulated period

14) Are the stocks held in KCC accounts got confirmed quarterly ?

III . 1 . C . APPLICABLE TO OCC (IN ADDITION TO III . 1 . A .) :

CHECK WHETHER -

1) entire sale proceeds are being routed through the account
2) stock statements have been received regularly, date stamped and filed properly **BRINSP 1322** Preparation of NF 814
3) book debts statements are received periodically and verification of party's books etc. effective. Book Debt statement certified by Chartered accountant is obtained from parties enjoying Book Debt Limits above Rs 10 lacs on a half yearly basis.
4) penal interest is charged for delayed submission of stock statement as under – **BRINSP 4015**
   a) Overdrawings in the account but no delay in submission of statements - 2% on over drawings till the account is regularized.
   b) Delayed / Non-submission of statements but no over drawings in the account - 2% on the entire liability for the delayed period.
   c) When there is both delay in submission of stock statement and over drawings in the account - 2% is to be charged as under:
      i) on the overdrawn portion from the first day of the month till the due date of statement
      ii) on the entire liability from the due date of the statement till the actual receipt of the stock statement.
      iii) on the overdrawn portion from the date of receipt of the stock statement till the over drawings are cleared.
   d) the aggregate penal interest is not more than 2% at any given point of time.
   e) permission for refund / waiver, if any, of PI for delayed submission of stock / book debts statements is available.

5) drawing limits in respect of borrowers enjoying aggregate fund based working capital limits of less than Rs.100.00 lakhs from the Banking system, is computed separately for stocks and book debts , and, then aggregated to arrive at overall drawing limit

6) stock / book debts statements have been checked as to valuation, quantum of stock, age of book debts, arithmetical accuracy etc. and details entered in drawing limit book promptly. BRINSP 1328

7) stock / Godown inspection register and record of receipt & disposal of stock statement is maintained BRINSP 1322

8) details of items(book debts) outstanding beyond prescribed period obtained every half year and effectively followed up for clearance

9) goods not permitted in the sanction, goods received for job work/outsourcing etc. are declared in the stock statement

10) Borrowers have maintained proper stock books (Test check correctness of entries in the stock register with the details of stock declared in the stock statement as to the quantity, rate per unit and description)

11) Stock statements in revised NF 540 and stock inspection report in NF 814 are being prepared and preserved along with stock statements BRINSP 1324,

Norms for stock / godown inspection is followed in VLB/ ELB by CM/AGM./DGM (CIR 94/2005 , 300/06 and 284/08 & ITIO 60/06) BRINSP 1323

12) NF 814 is submitted to CO in respect of HO power accounts BRINSP 1324

13) unpaid stocks and stocks under DALC / advance payment guarantees are deducted from the total stock while arriving at drawing power

14) arrangements have been made for periodical checking of stock at out- station godowns and reports thereof received by the branch and dealt with properly. (Comment on follow-up in case of non- / delayed receipt)

15) goods released from OCC are given under pledge OR goods released on trust declared under OCC

16) PC liability is taken into account wherever applicable i.e., for arriving at DL under OCC and recording total liability in stock statement and other records (applicable to PC is permitted as sub-limit of OCC)

III . 2 . SIMPLIFIED OCC SCHEME (TO RETAIL TRADERS & SSI) :

CHECK WHETHER -

1) limits sanctioned are within prescribed ceiling (Rs .five lakhs in case of SME and Rs.. two lakhs in case of Retail Traders.)
2) fixed assets belonging to the SME also have been hypothecated / mortgaged as collateral security as per Scheme , i.e., when the limit exceeds Rs.25000/-

3) consolidated production / sales statements have been obtained along with monthly stock statements, where the limit ,including term loan exceeds Rs.50,000/-
4) simplified monthly stock statements and half yearly book debt statement have been obtained **BRINSP 1322**
5) detailed stock statements have been obtained once in half-year in case of SME and once in a year in case of Retail Traders
6) stock is checked as per guidelines and Records thereof maintained
7) fire insurance cover has been obtained in case of limits over Rs.50000/- (except in the case of composite loans to artisans, village & cottage industries and SSI-non hazardous goods which is exempted upto Rs.25000/-)

III . 3 . OCC CUM LOAN SCHEME FOR SMALL TRADERS :

CHECK WHETHER -

1) the amount sanctioned is within prescribed ceiling of Rs.25000/-
2) annual stock statements have been obtained promptly **BRINSP 1322**
3) the liability is within the drawing limit and monthly repayments are prompt **BRINSP 1328**
4) stock has been checked as per guidelines and records thereof maintained
5) Risk letter has been obtained in case of waiver of insurance **BRINSP 1211**

III . 4. OD AGAINST BOOK DEBTS:

CHECK WHETHER -

1) Book debt limit is considered to first rate companies whose dealings are satisfactory.
2) Prescribed Power of Attorney is obtained and registered with Notary Public / executed before Magistrate., and, whether letter of authority is obtained from borrower, wherever applicable.
3) there is any instance of double finance availed by the parties where bills limit is also permitted. Book debts statements are to be analysed with bills discounted and comment.
4) book debts statements are submitted regularly, verified with reference to the books of the parties , and, drawing limits arrived at correctly , keeping in view the age of debts. as stipulated in the sanction **BRINSP 1328**
5) in respect of OD limit of Rs. ten lakhs and above to non corporate borrower certificate from the Auditor is obtained once in 6 months , reviewed and copy therof, with branch comments, submitted to the controlling office

(In respect of listed companies who are publishing quarterly financial results and who are enjoying WC limits of more than Rs. fifty lakhs - with ASCC S1 or S2 - submission of such Auditor's Certificate has been changed from half-yearly to yearly to coincide with the date of ABS)

6) the branch has obtained the following in respect of overdraft against Book Debts & sub-limit of Book Debt under OCC along with other post sales limits such as BE / SB / SDB etc. -
   a) List of clients against whom the party desires to avail credit facilities under SB / BE / SDB / CDB etc. and book debts separately.
   b) List of debts as against whom the party has already discounted the bills along with the book debt statement.
7) book debts taken for calculation of drawing power is as per the sanction terms BRINSP 1328
8) amount of bills discounted under supply bill / BE / SDB etc., is deducted from the total book debts while arriving the drawing power.

NOTE: DELEGATED POWERS ARE SEPERATE FOR SANCTIONING EXCLUSIVE LIMITS AGAINST THE SECURITY OF BOOK DEBTS / SUBLIMIT UNDER OCC

III . 5. CLEAN OVERDRAFT :

CHECK WHETHER –

1) temporary overdrafts are regularised as per rules / terms of sanction
2) negative lien undertaking has been obtained wherever stipulated
3) collateral security stipulated in the sanction , if any, is available

III . 6 . GOODS WITH CLEARING AGENTS:

CHECK / VERIFY WHETHER -

1. suitable limits have been fixed / got fixed for each clearing Agent
2. stamped agreements have been taken from all clearing agents.
3. stamped risk letter in NF-427 from the customer is obtained where clearing work is regularly entrusted to a clearing agent.
4. storage receipts issued are in the name of the Bank signed by the authorized person & duly stamped.
5. party wise monthly statements of goods are submitted as on last Friday and whether they tally with the godown register.
6.. Goods pledged are so arranged as to allow easy identification.
7. Bank's label "under lien to Canara Bank" is pasted on individual items.
8. Goods pledged and held with clearing agents are checked periodically.
9. Releases have been effected only against delivery orders issued by the Bank.
10. Goods are fully insured against various risks.

11. Storage charges due to the clearing agents have been paid up-to-date
12. All required documents with clear instructions regarding transportation etc are sent to approved clearing agents through foreign department , in case of clearance of imported goods . Is follow up thereof satisfactory.?

III . 7 . ADVANCES AGAINST MACHINERY AND LANDED PROPERTY

CHECK WHETHER -

1) a) The legal scrutiny report is in prescribed format and contains certificate / opinion that the mortgagor has clear marketable title to the property. Check list is prepared and submitted by advocate as per CIR 266/08 BRINSP 1224,1225
If PA is involved in a mortgage transaction , the PA should be scrutinized by the lawyer, to ensure that PA was registered and was in force at the time of execution of the documents.

NOTE: Advocate should confirm having verified the original documents.In respect of third party properties and advocate has to follow the guidelines as per norms

b) LSR has been approved by appropriate authority BRINSP 1225
c) The type of mortgage put through is as opined in the scrutiny report
d) All the original documents listed in the scrutiny report have been deposited with the Bank's branch situated in a notified area BRINSP 1230
e) The branch, if situated in a non-notified area, has -
   i) maintained a register (NB 110) for recording the title deeds deposited at notified area branch.
   ii) brought back all the EM documents from the notified branch and guidelines are followed as per CIR 4/2007
f) Common LSR for the entire property is obtained / approved. in case the finance is for builders / purchase of flats from the builders BRINSP 1224

g) Guidelines as per norms are followed in respect of obtention of 3rd party properties for mortgage BRINSP 1238

2) Approval from the controlling authority has been obtained for creating charge on the basis of copies of title deeds accepted in exceptional cases, where original is conclusively proved to have been destroyed or irretrievably lost .
3) Mortgage deed (in case of simple mortgage) has been drawn in the appropriate format and duly registered BRINSP 1231,1232
4) the following letters have been obtained from the lessor in case of lease-hold properties

a) that he has no objection to the lessee (mortgagor) creating the mortgage in favour of the Bank

b) that he will not exercise the right of forfeiture of the lease during the currency of the advance to the lessee

Note : If landed property is taken, mutation certificate to be insisted wherever applicable

5) the mortgage put through with memorandum of deposit of title deeds, is as per laid down procedure , by registering the duly stamped memorandum with the Registrar of Assurance / Sub-Register.
6) in respect of equitable mortgage created by Joint Hindu Family firms, Karta of the family has deposited the title deeds with the Bank
7) in case of partnership firms, all partners have joined in creation of mortgage, and, where only one partner has created the mortgage, a letter of authority signed by all the partners in favour of that partner has been obtained
8) branch has ensured that the borrower has no arrears of sales tax at the time of putting through mortgage / hypothecation etc., and also at any point of time till the clearance of entire Bank dues.
9) a) the deposit of title deeds is supported by a Resolution of the General Body, (if the amount of advances is such as would be affected by the provisions of Section 293 (1) (a) of the Companies Act 1956.) in addition to a Resolution of the Board BRINSP 1248
   b) Charge is registered with ROC. BRINSP 1249
   c) Search report has been obtained and perused BRINSP 1250
   d) Branch has adhered to guidelines in case of III party mortgage BRINSP 1238
10) The provisions of Urban Land Ceiling Act have been complied with, wherever applicable
11) further EC up to the date of deposit of title deeds / simple mortgage , disclosing NIL encumbrance, has been lodged in all cases BRINSP 1233

NOTE : Check also, Title Deeds of other branches as per norms AND COMMENT

13) uptodate tax / rent receipts have been obtained and mutation certificate / telephone Bill / Water tax / Electricity Bill etc have been obtained to verify the bonafides of the owner. BRINSP 1235
14) register for recording deposit of title deeds is maintained uptodate (both at depositing (non-notified) and deposited (notified) branches BRINSP 1237
15) Checklist for scrutiny and approval of LSR has been prepared and certified by the branch in charge BRINSP 1225
16) Site inspection report with route map and photo / sketch of property is on record. BRINSP 1227
17) Loan proceeds along with margin are directly remitted to the supplier , in case of advances for purchase of machinery,

18) Invoices in respect of machinery are in the name of the borrower BRINSP 1251
19) Machinery has been inspected by the branch and reports thereof available BRINSP 1240
20) Bank's hypothecation board is displayed / painted on machineries hypothecated to the Bank
21) land & building and existing machinery have been valuated by an approved valuer / competent authority once in three years

22) in case of buildings under construction,
   a) architect's / Engineer's Certificate for work completed and cost thereof, has been obtained
   b) disbursements have been made only in stages and . after inspection
   c) inspection reports are available for each stage of disbursement and whether charges thereof have been collected ?
23) Buildings , including those under construction , and machineries are adequately insured with Bank's clause BRINSP 1312
24) There are any instances of extending finance for acquisition of existing fixed assets by way of term loans for purchase of such assets or by way of finance to leasing companies for purchase and lease of such existing assets
25) Upfront fee, processing charges , and periodical godown / security inspection charges have been collected
26) PIPR is submitted as per norms BRINSP 1311
27) Guidelines for purchase of second hand machinery like obtention of valuation report, adhering to margin norms are followed

III . 8 .A. - LOANS AGAINST HYPOTHECATION OF VEHICLES - DIRECT FINANCE

CHECK WHETHER -

1) loans sanctioned are within the delegated powers BRINSP 3102
2) cost of the vehicle is remitted directly to the supplier along with margin by obtaining letter of authority from the borrower
3) body building charges are reasonable and amount is disbursed in stages.
4) original invoices, stamped receipts and borrower's acknowledgement for having received the vehicle in good condition , are available with loan papers BRINSP1251
5) valuation certificate for second hand vehicles is obtained in the prescribed format from a qualified Automobile Engineer and other norms such as age, margin etc. are adhered to
6) bank's lien is noted in RC Book. and copy of RC book is obtained. BRINSP 1245,1246

7) The vehicle is registered in the name of one of the partners. and loan papers are signed by all the partners , (applicable to partnership firms)- Appropriate column to be filled up.
8) RC Book and vehicle are verified / inspected periodically and recorded . In case of accounts in default check whether RC is verified once in a year and the vehicle is inspected once in twelve(12) months
9) In case of vehicles not plying within the area of operation of the branch, arrangements have been made with the branch nearer to the place where the vehicle is plying, for periodical verification / inspection of RC / Vehicle. If yes, check whether such verification reports are received regularly.
10) insurance policy with Bank clause is available. BRINSP 1312
11) overdue / penal interest is charged on irregular accounts including Employee accounts
13) Ownership transfer forms, blank and signed have been obtained in duplicate BRINSP 1244
14) Processing charges collected as per guidelines BRINSP 4008
15) Appropriate ROI has been stipulated (Note: GROI is applicable to loans under SRTO – Priority and scoring matrix should be available with loan papers) BRINSP 4012
17) ROI charged on LHVs to ex-employees is as applicable to customers
18) Branch has ensured -
a) Lodging of permit copy of the vehicle wherever applicable.
b) Objection for renewing the permit with RTA in respect of chronic defaulters.
c) Objection for transfer/renewal of permits with RTA wherever seizure of the vehicle is effected.
19) Proposals for loans to SRTO under priority sector have been referred to RO for sanction , wherever recovery percentage is less than 75% as on 30th June

III . 8 . B. LOANS AGAINST HYPOTHECATION OF VEHICLES - INDIRECT FINANCE

CHECK WHETHER -

1) all required loan papers have been obtained and documents executed by the hirers lodged by the dealers with the Bank
2) acknowledgement by the hirer is held with loan papers
3) blank transfer forms , duly signed by the owner and financiers are available
4) a)irrevocable mandates addressed by the borrower to the hirer to pay all instalments directly to the Bank has been obtained
b) such mandates , in duplicate, were sent to hirers by registered post and copy, duly signed by them are available with loan papers
c) there is effective / adequate follow-up in case of non-receipt of copy of mandates, or, instalments

5) cases relating to difficulty in getting the Financier's lien cancelled and noting the Bank's lien in RC Book have been referred to the Sanctioning Authority for waiver of the same, provided all other documents including required RTA forms are obtained from the Financier/Hire purchaser, on the basis of which Bank can sell transfer the vehicle.
6) processing charges / upfront fee have been collected

III . 9 . ADVANCES UNDER DRI SCHEME (AL & NON - AL) (PROD CODE :)

CHECK WHETHER -

1) Application cum credit report and photograph of borrowers are on record. BRINSP 1201
2) The family income of the borrower is within the ceiling i.e., Rs.18000/- p.a. in Rural Areas and Rs.24000/- p.a. in Semi Urban and Urban areas.
3) The copy of debit slip signed by the borrower is available with loan papers.
4) loan amount sanctioned is within the ceiling (RS 15000 for WC/TL/HF ; RS 20000 to SC/ST for HF)
6) simple interest is charged in case of regular accounts and compound interest, in case of fully overdue loans
7) branch has ensured end use of funds and verified securities as per norms. BRINSP 1251

LOAN SCHEME FOR REIMBURSEMENT OF INVESTMENT MADE IN FIXED ASSETS BY SMES

(REF CIR 285/2006)

CHECK WHETHER

1. Loans are granted to borrowers who are having good track record for three years
2. Accounts are risk rated as LR3 and categorized under ASCC S1 or S2.
3. Accounts are classified as S1 if not risk rated or classified as standard assets
4. Land & building is excluded for reimbursement.
5. Fixed assets are created immediately preceding 6 months of sanction.
6. Reimbursement to second hand machinery is restricted to Rs 15 lacs and the machinery is not more than 2 years old.
7. Margin norms are adhered (25 % for new assets and 50 % for second hand)
8. CGMSE cover is obtained in respect of eligible accounts.BRINSP 1309

LOAN SCHEME FOR SECURING ISO CERTIFICATION

CHECK WHETEHER

1. Loans are granted to SME (mfg) units who are dealing with us for 2 years and profit making during the last 2 years.
2. Quantum of loan (max RS 3 lacs) , margin (25 %) and repayment terms(3-5 yrs) are complied with as per scheme guidelines
3. Loan is covered under CGMSE guarantee scheme. BRINSP 1309

IV . ADVANCES AGAINST TANGIBLE SECURITIES (Prod. Code. 742)

Common Guidelines :

Check whether loans/advances are in accordance with eligibility criteria and whether delegated powers are exercised as per HO cir. 236/08,etc.

IV . 01. ADVANCES AGAINST LIC POLICIES, POSTAL LIFE INSURANCE POLICIES (Prod. Code : 742)

Check whether

1) the age of assured has been admitted .

2) a. stipulated margin is maintained on surrender value.

   b. the policies have been assigned to the Bank and assignment got registered .

3) the assignments if not made in the policy but by a separate deed are on a stamp paper of requisite value.

4) the chain of assignments / reassignments on the policy are in order.

5) the branch has calculated the surrender value correctly. The LI Policies get surrender value after 3 years only and earn bonus from 5 years only.

6) premium on all policies paid uptodate (latest receipt to be verified).

7) any advances are made against the under mentioned policies which is prohibited

   a) Policies issued under Married Women's Property Act 1974.

   b) Jeevandhara / Jeevansuraksha policies.

   c) Policies which are not eligible for Loans from LIC. (except in case of policies under plan 73, 74, 75, 76, and 93 Money back endowment policies, provided, the policies are assignable, LIC has registered the assignment on the policy itself, and SV is ascertained from LIC)

8) Where policies/anticipated instalment matured for payment, whether branch has taken prompt steps to realise the same from LIC/PMG and whether the limits have been revised ?

* 9) In respect of Money back policies,the periodical payments (survival benefits), received from LIC are directly credited to loan account and limit/ DP reduced proportionately.

* 10) Where LI policies issued by Private Insurance Companies are taken as security, it is to be ensured that the private insurance company is registered with IRDA and assaignable in favour of bank. (List of approved private insurance companies as available in the VSL manual and circulars are to be refered.)

* 11) Unit Linked Policies (ULIPS) should not be taken as security.(cir.12/06)

* 11) Whether Documentation in NF 970 (HO cir 183/05) and other additional documents depending upon the nature of advances are obtained.,

* 12) ***Margin, Rate of Interest, repayment/tenability of limit, etc. are as per latest VSL manuals and HO circulars.***

IV . 02 . ADVANCES AGAINST GP NOTES AND GOVT. STOCK CERTIFICATES (Prod. Code : 742)

Check whether the advances are in conformity with following guidelines

a) Margin 10% on the market value.

b) Repayment - within 24 months from the date of grant or on the maturity whichever is earlier.

c) In respect of GP Notes it is to be ensured that -

i. there are no unauthenticated corrections and cancellations on the note.

ii. the endorsements are in order in all respects and the chain of endorsements are regular unbroken and complete (wherever necessary the endorsements should be got verified/certified by the Public Debt Office and advance should be granted only after such verification/certification).

iii. the note does not contain cross endorsements(i.e. endorsement outside the endorsement cage). In such a case, a new GP Note is to be got issued by Public Debt Office.

iv. the Endorsement should be in ink.

v. the note is not defaced or torn or mutilated and that the two halves are not mismatched.

vi. the note does not bear more than 3 enfacements of interest. In case of more than 3 enfacements, the GP Note should be got renewed.

vii. the note has atleast two blank cages for endorsement.

viii. interest has been collected regularly. If interest remains un-collected for a long period, care should be taken before making an advance.

ix. whether DP book in NB 123 is updated periodically for watch over GP notes and for Spl. Watch statements purpose.

In respect of stock certificates, before granting advance, the transfer deed provided on the reverse should be executed by the holder in favour of the Bank. After this the same is to be sent to Public Debt Office for registering the transfer and issuing new certificate in the name of the Bank.

IV . 03. LOANS AGAINST NSCs / POST OFFICE TIME DEPOSIT (Prod. Code : 742)

CHECK WHETHER THE ADVANCE IS AS PER GUIDELINES

i) Margin 25% on the original investment.

In case of NSCs, margin is reduced to 20% on the FV of NSC.(Depending upon the unexpired period of NSC, margin can even be reduced to 10% by an authority not less than DM/CM. The above reduced margin on NSCs is applicable to Staff Loans also.

,

ii) Repayment - not exceeding 36 months or upto maturity date (Upto a maximum of 48 months or maturity date of NSC whichever is earlier, provided, applicant maintains salary account with the branch.

iii) NSCs can be taken as collateral security for other loans and advances.

* iv) Before grant, the NSC/Post Office Time Deposit should be got transferred in favour of the Bank (lien to be noted) and the genuineness of the NSC to be got verified from the concerned Post Office, by obtaining independent written confirmation from Post Office , which has issued the relevant NSC as per cir.309/06

. Lien Noting Fee Receipt from post office/covering letter from post office after lien noting to be kept along with NSC.

*

iv. Documentation in NF 970 as per latest VSL manual and other circulars are obtained - to be verified.

v. It is to be ensured that
- the loan is granted only to our existing customer, complying with KYC norms,
- the NSCs issued by local Post Offices only are taken as security,
- if NSC s of outstation Post offices are accepted, the lien noting shoud be got done through our nearest branch. (addition)

IV . 04. LOANS AGAINST UNITS OF MUTUAL FUNDS (Prod. Code : 742)

Check whether loans conform to following guidelines

, 1) Approved Units - ***All the units floated by canbank MF,UTIMF and MF sponsored by SBI group / nationalised banks / LIC / GIC / ICICI & NBFCs in Public Sector, provided, they are listed / traded in stock exchange and have completed the minimum lock in period stipulated in the relevant Scheme.***

Exception: Unit 64 - Scheme of UTI though not listed in stock exchanges; UTI repurchases the units at a price announced from time to time.

However units issued by Mutual Funds relating to tax saving equity plans such as Canpep of CBMF, Master Equity Plan of UTI, etc. are not eligible as they are not traded/listed in the Stock Exchanges

2) The amount of advance is linked to net asset value (NAV) or the market value (MV), whichever is less (but not to the face value).

3) Margin - 50% of the net asset value/market value whichever is less.

In case of employees -

a) On all approved units - 25% of NAV/MV except units under Unit Scheme 64.

b) On the units under Unit Scheme 64 - 10% NAV/Repurchase price/MV.

3) Purpose:

a. The advance should be purpose oriented taking into account the credit requirement of the investor and not for subscribing.

b. Units need not be transferred in the name of the Bank irrespective of the amount of loan.

4) In case of advances against Units issued under UTI Scheme 1964, it should be ensured that -

a. the units are in lots of 10.

b. Notice in the prescribed form has been sent to the issuing office of UTI.

c. Blank, unstamped transfer forms in the prescribed format obtained from the party.

d. in case there are many units in the names of minors/jointly with minors such units should not be accepted.

Note: Unit 64 scheme of UTI -Latest developments in the scheme to be taken care of while advancing against this by the branch.

* Since mere statements of accounts issued by Mutual Funds cannot be accepted as securiy, it is to be ensured that physical certificates are obtained and bank's lien got noted with the Mutual Funds as per cir. No.17/06.

IV . 05 . LOANS AGAINST INDIRA VIKAS PATRA (IVPs) (Prod. Code : 742)
*****

(ISSUE OF IVPs BY POST OFFICE IS SINCE DISCONTINUED.)

1) Purpose of the loan - for genuine productive/investment.

2) Margin - 25% on the purchase price.
   - 10% on the purchase price (for Staff)

3) Preservation - to be recorded in the Security Register in the following proforma :

Sl. No.	Name of the party	Loan No.	Sl. No. of IVP	Face Value	Post office from where purchased	Due date	Initial

The total number and face value of the IVPs should be recorded in the Cash Register every day and held in strong room/FBR safe (security group A).

Repayment:: within 24 months in monthly/quarterly instalments. Overdraft facility may also be granted.

IV . 06 . LOANS AGAINST KISAN VIKAS PATRAS (KVPs) (Prod. Code : 742)

1) Margin - 25%
   - 20% for staff.

2) All the terms & conditions as applicable to loans/advances against NSCs are equally applicable.

IV . 07 . ADVANCES AGAINST SHARES (Prod. Code : 744)

As loans against shares/debentures are to be granted ONLY by designated branches, it is to be ensured that the branch is the designated one.(cir.180/07). The existing borrowal accounts of the non-designated branches should be got transferred to the nearby designated branch. (cir.180/07)

1) Eligible Categories of Borrowers:

A. Individuals:

a) Purpose - for meeting contingencies and needs of personal nature.

b) Quantum - Not more than Rs.10.00 lakhs per borrower, for physical scrips and Rs. 20 lacs for Demat shares subject to delegation of powers

c) Margin – As advised by HO from time to time (At present 50% on the market value of the approved shares, both in physical form as well as Demat form)

d) Repayment - within 2 years with definite repayment schedule - overdraft facility can be granted subject to sanctioning powers after getting the necessary guidance from RO/CO.

e) Whether the Bank's lien on the shares has been notified to the Company by the Bank and the share holder who has pledged the share (NF 498 & NF 574).

Ensure that watch over market value of shares/debentures is being done by maintaining the Drawing limit book for advances against shares (NB 123), DP is arrived at monthly intervals.

* If any share is delisted subsequently, the limit is to be regularized either by way of recovery or substitution within 3 months from the date of delisting.

* Processing charge of Rs.100/- for each substitution of shares – whether collected to be verified.(cir.96/07)

B. Share and Stock Brokers:

a) Branches do not have any powers to sanction such proposals. To be referred to Circle Office.

b) In respect of Loans granted to Share & Stock brokers registered with SEBI and who are member of recognised Stock Exchanges whether shares / debentures are transferred in the name of the Bank if held beyond 9 months. (Advances permitted in only identified branches)

Note: No loans/advances shall be permitted to Trustees/Endowments/NBFCs and registered societies against the security of shares/debentures/bonds held in their names.

Any loans/advances granted to the above if outstanding in the books of the bank should be recalled and steps to be taken to recover the same.

General

a) Advances should not be given for speculative purposes.

b) Advance can be granted against preference shares which are repayable within next 3 years.

c) For employees, loans against Non-convertible debentures can be granted provided they are listed.

d) Shares are to be accepted in marketable lots. (Not applicable to Demat Shares) .

e) Should not consider loans against primary security of shares to partnership, proprietorship firms.

f) The RBI directive on transfer of shares does not apply to shares held as security for guarantees issued by Banks on behalf of its customers.

g) Where advance exceed Rs.10.00 lakh to individuals, shares are to be got transferred in the name of the Bank. (not required in the case of Demat Shares)

h) Drawing limit book for advances on shares is to be maintained and market value of shares are to be recorded every month to know the drawing limit.

i) Wherever liability exceeds the drawing limit overdue interest/penal interest as per norms is to be recovered.

* j) **NO LOAN CAN BE CONSIDERED AGAINST THE SHARES OF OUR BANK NOR FOR PURPOSE OF ACQUIRING THE SHARES OF OUR BANK.(CIR.180/07).**

*** DOCUMENTATION :**

NF 972 – Appln,. for loan against shares.
NF 971 – letter of loans against shares & deb.

IV . 08 . ESOP (Employees' Stock Option Plan) (Prod code : 744)

SCHEME TO ASSIST EMPLOYEES TO BUY SHARES OF THEIR OWN COMPANIES (***implemented in select branches designated by concerned Circle Office) .***

A. Eligibility:

1) The employee should be confirmed in the services of the company.

2) Share value is to be paid in full on allotment.

3) Application for share should be in the individual name of the employee.

4) Applicant should have demat a/c.

B. Quantum:

90% of the purchase price with a maximum 10 months gross salary of the employee. ***(Maximum loan/exposure including other loan/s against shares, already availed, should not exceed Rs.20 lacs***

C. Margin: 10%

D. Repayment: : To be cleared within 35 months by EMI.

* *The net take home salary of the applicant shall not be less than 25 % of the gross salary in cluding the repayment of the proposed loan.*

* *E. Rate of Interest : As advised by HO from time to time.*

F. Documentation :

- *Copy of company's offer letter indicating SEBI's clearance ESOP.*
- *NF 481*
- * *NF 970 – letter for loans against valuable securities.*
- *Pledge Form for creating pledge with DP*
- *Latest copy of demat account certified by DP.*
- *Irrevocable salary mandate duly acknowledged by employer.*

G. Actual documentation charge subject to a minimum of Rs.250 + processing fee of 0.11% with a minimum of Rs.120/-(@ to be verified) ref :cir 96/07.

IV . 09 . LOANS / OVERDRAFT AGAINST TERM DEPOSITS: (Prod. Code : 743)
(for ALVSL Prod. Code : 793)

1) a) Has our lien been noted in the deposit ledger/ Master and on deposit receipt and pass book ?

b) Do the depositors come to the bank to execute the loan papers, especially NNND depositors ?

c) In case of loans against NNND, are agents themselves filling up the loan paper ?

2) Is the interest on deposit being credited to the loan a/cs against fixed deposits ?

3) Whether advances against deposits standing in the names of the Minors are within the delegated powers of the Branch? Has the appropriate declaration from the Parent/Guardian been obtained ? Where loans are granted to the mother against Minor's deposit whether father also joined in execution of loan papers or Death Certificate of father is on record? In case of deposits in different names of the Minors with the same Parent/Guardian, whether separate loans are granted to different Minors ?

4) Whether stipulated margin is maintained ? If not, whether appropriate ROI is charged in case of erosion of margin as per guidelines.

5) Where the deposits under pledge are closed before maturity which are not eligible for any interest, whether interest as under collected ? i.e.,

a) Loans upto Rs.2.00 lakhs - BPLR

b) Loans above Rs. 2.00 lakhs - ROI as applicable to WC limit of that particular category of the borrower (secured).

c) Loans above Rs.2.00 lakhs for those who cannot be categorised under any specific category and who are not having any Working Capital limits - 2% over the ongoing BPLR.

6) Where loans granted against deposit of another branch, has the deposit a/c been transferred to the branch where the loan is granted?

7) Whether deposits under pledge are promptly adjusted/renewed on the due dates ?

8) Where additional loan is granted in the same loan account, is the disbursement within the loanable amount and proper procedure adhered to ?

9) If the advance is granted against third party deposit, margin and interest as per guidelines is maintained / stipulated. Also application in NF 887 has been obtained.

* In such cases it is to be ensured that

i.whether applicable processing charges are collected.(cir.96/07)

ii. whether int. at the rate applicable to category of borrower or BPLR/ 2% above the dep. Interest, whichever is higher ,is collected.

10) Whether AODs have been obtained in cases where the loan papers have completed 24 months wherein pronote has been obtained?

11) Where liability exceeds stipulated margin whether appropriate penal interest is collected till the date of regularization of such accounts ? (Penal interest on irregular portion only).

* 12) All such irregular accounts are to be reported in spl. Watch statements as per guidelines.

*13) when the deposit is renewed during the pendancy of loan, whether revised interest on loan is arrived based on the revised interest on deposit, and entered in the system. (This is one of the ares of leakage of income.)

Miscellaneous :

14) No loans should be granted against deposits of other banks, financial institutions and Canbank Financial Services Ltd.

15) In respect of loans/advances against deposits of Canfin Homes Ltd/Canbank Factors Ltd., whether prior sanction of concerned Circle Office has been obtained and whether our lien got noted ?

16) Whether interest collected on loans of employees against term deposits which are withdrawn before the minimum period which is as under:

a) Loans upto Rs.10000/- (OR Rs.20000/- (on medical grounds)	1/4% above the rate offered at the time of acceptance of deposit.
b) Beyond Rs.10000/- or Rs.20000/- (as the case) & above upto Rs.3 Lakhs	1% -do-
c) Beyond Rs.3 Lakhs	As applicable to customers under the category

Note: NF 486 should be obtained from staff/ex-employee.

17) Whether facility of part withdrawal of certain units of term deposits excluded is in order i.e.,

a) deposits accepted has been treated as units of Rs.1000/- and balance of fractional amount as one unit.

b) extended to all domestic/NRE FDRS/KDRs.

c) part withdrawal are permitted for any number of times.

d) Amount of deposit is minimum Rs.1000/- and minimum period - 15 days to 10 years.

18) Wherever securities are returned to borrower, has the branch obtained acknowledgement (in the respective VSL application, in case of computerized branches.

19) Documentation : NF 969 – letter of request for loans
NF 472 - for additional loan.
Letter of revival is to be obtained instead of AOD. @ to be verified.

IV . 10 . AGAINST ICICI SAFETY BONDS : (Prod code : 742)

Ensure the following:

a) Eligibility - to all individual bond holders, corporate bodies and non-corporate bodies. Against bonds in the name of third party, only as collateral security.

b) Only those ICICI safety bonds whose tenor does not exceed 3 to 5 years can be accepted as an approved security.

c) should be in demat form.

d) Purpose - for any genuine personal needs/ business activities or any other productive purposes.

e) Maximum loan amount Rs. 10.00 lacs per party (or upto Branch delegated powers) (DGM/CO may sanction loans upto Rs.20/- Lakhs).

f) Margin 50% of the issue price

g) Repayment 24 months or maturity period of the Bond, whichever is earlier.

h) The guidelines as applicable to advances against demat shares are to be followed with regard to noting of lien, release of pledge etc. ,

i) To be granted only after creation of pledge.

IV . 11 . LOANS / OVERDRAFTS AGAINST NON-RESIDENT TERM DEPOSITS (Prod. Code : 743)

* ***Maximum loan amount against NRE / FCNR deposit is <u>Rs.100.00 lacs</u>*** **<u>to Depositors and Third parties</u>. It is to be ensured that loan amount is not artificially sliced so as to circumvent the ceiling limit.**

Check whether -

1) application is obtained in modified NF 865 (for loans against NRE / FCNR)

2) a) all conditions applicable to advances to NRI depositors against NRE / FCNR deposits for acquiring the residential flats / houses, have been complied

b) Loan proceeds have been repatriated abroad / credited to NRE - SB , contrary to regulations

c) the loan is for the purpose of investment In (partnership / proprietorship / limited company) like industrial / manufacturing activities, Hospitals, Hotels with 3, 4, 5 star rating, shipping cos. Development of Computer Software, oil exploration services, export oriented Trading & Manufacturing activities

d) The loan granted against NRO term deposit to non-resident depositors has been subjected to usual norms regarding margin, ROI etc. as applicable to loans against resident deposits , and loan is for purpose other than re-lending, carrying on agricultural/plantation activities or for investment in real estate business

e) the guidelines for continuance of existing loans against term deposits availed by resident who has subsequently become Non-resident have been complied with , viz., , (i) the borrower is an Indian citizen or a person of Indian origin, (ii) the loan was granted for business purpose or to meet personal requirement, (iii) the loan is restricted to the period originally fixed or upto one year from the date of departure whichever is longer etc.

f) the loan has been repaid only by adjusting the pledged deposit receipt or by fresh remittance from abroad or from local rupee sources held in NRE A/c (in all other cases whether permission has been obtained from RBI)

g) interest at appropriate rate is collected , where loans are cleared by local rupee sources held in NRO A/cs,

h) provisions as under have been complied with before granting loans to residents against security of NRE / FCNR deposits

i) There is no direct / indirect foreign exchange consideration for the non-resident deposits.

ii) The period of loan is restricted to the un-expired period of maturity of deposits.

iii) An irrevocable mandate from the NRI to the effect that the deposit will not be withdrawn during the period of loan.

iv) Regulation regarding margin and interest (as applicable to the category of borrower or 1.5% above BPLR whichever is lower), are adhered to.

*

v) whether interest at BPLR + 2 % is collected wherever margin is reduced below 25 % of the value of security.

vi) The loan is utilized for purposes other than agricultural plantation, real estate activities.

vii) Deposit is taken as collateral security only.

i) prior approval from appropriate authority has been obtained before extending non-fund based credit limits like BG, ILC, FLC to residents against collateral securities of NRE deposits

3. the requisite margin (stipulated in circulars) for loans to the depositors themselves and ***for loans*** to the resident Indians is maintained.

4. the stipulated margin has been maintained **at all times** .

5. granted against NRE / FCNR deposits to non-resident account holders, are liquidated on the maturity of deposits / Foreign inward remittance

6. in case of rupee advances granted against FCNR,

a) the loanable amount has been arrived at as per guidelines
**** maximum loan amt : Rs.20.00 lacs.***
b) value and drawing power thereof reviewed at stipulated intervals (monthly last Friday)

c) necessary steps have been taken to get the account regualrised, if found to be overdrawn at the time of monthly review and

d) additional interest on overdrawn amounts is collected

IV . 12 . LOANS TO RD / NNND ACCOUNT HOLDERS (Prod. Code : 743)

1) Check whether relevant loan papers obtained along with pass book and confirmation of balance are obtained ?

2) Loans are granted to only such depositors who have been regular in paying the instalments for at least six months.

3) Confirm that appropriate margin is stipulated / maintained ?

* 4) Whether applicable ROI is charged, as detailed here below :
i. up to 75 % margin - 10 %
ii) beyond 75 % up to 100 % - 12 %
iii) beyond 100 % - clean OD/DPN int.

5) when NNND deposit is closed before maturity without earning any interest, following interest rates shall be stipulated :

i. loan upto Rs.2 lacs - ongoing BPLR

ii) loan of over Rs.2 lacs - as per category of borrower or BPLR + 2 %.

IV . 13 . SULABH OVERDRAFT ACCOUNT (Prod code :)

Check whether the advance is as per the scheme, salient feature of which are as follows:

a) Provides for automatic extension of OD facility immediately on opening term deposit a/c (FDR / KDR Minimum Rs.25000/- Maximum - No ceiling for one year or more; RD - for 5 years or more - minimum Rs.1000/- pm.)

b) Deposit cum OD application NF 763, DR/Pass Book, NF 480 and SS Card should be obtained.

c) For SOD against existing deposit, NF 470, NF 372, AOF, NF 480 and SS Card should be obtained.

d) can be permitted only to individuals (including staff).

e) to be granted only in branch where deposit is made

f) cannot be opened against deposits of third party / minor / NRIs.

g) all other conditions regarding margin, ROI, charges, issue of Cheque books, etc. are as applicable to OD against deposits.

Whether unregularized Ad-hoc credit transactions are reported as per HO Cir.149/2009 dated 22.04.2009.

**** GENERAL :***

1. **Certificate of loan paper in NF 482 is to be prepared in respect of all loans / advances against Valuable Securities, except against term deposits of our bank.**
2. **Maintenance of Inward Register for Loan papers in NB – 132 and Double lock Movement Register in NB – 27 to be ensured.**
3. **Processing Charge to be collected for loan against third party deposits and other approved securities.(cir 96/07)**
4. **wherever loans / advances are granted to third parties against collateral security of NRE/FCNR(B)/NRO deposits, Credit Risk Rating as per existing guidelines to be carries out as a pre-sanction exercise.**

5. **Documentation Charges, charges for noting our lien on Govt. securities / LIC policies, etc., at the time of granting of loan are to be collected as per extant guidelines. (cir.96/2007).**

V . CLEAN LOANS

V . 1. DEMAND PROMISSORY NOTE LOANS (DPN LOANS) (Prod. Code : 741)

Check whether -

1. loans sanctioned at Branch level are within their delegate powers. (Clean loans should not be sanctioned for meeting any margin requirements of other loans sanctioned under our other scheme.)

2. documentation is in order .

3. repayment, rate of interest, security (if any) and co-obligation / guarantee are correctly stipulated / obtained.

* 4. Collection of applicable Processing charges, documentation charges and charging of correct rate of interest, penal interest to be ensured.

V . 2 . DUAL TO BORROWERS OF CANFIN HOMES LTD .

1) Eligibility - Borrowers identified and financed by CFHL can avail this loan. Application should be sponsored by CFHL.

2) Quantum - Not exceeding 20% of the CFHL Loan limit for acquiring house property or Rs.1.00 lakh whichever is less.

3) Margin - 25%

4) Rate of Interest - As advised from time to time.

5) Repayment - within 60 months in monthly instalments.

6) Security - Assets created out of loan.

7) Collateral security - CFHL to Cede II Charge on the house property.

8) Application - NF 413 or 423 as the case may be.

9) Sanctioning Authority - Branch within the normal delegated powers.

VI . EMPLOYEES LOANS

VI . **1 . Overdraft / Loans**: **(Prod. Code** :)

Check whether -

a) limit / loan against approved securities like NSC, LIC, Shares / Debentures etc. is backed by sanction from appropriate authority

b) rate of interest and margin are as per current guidelines

c) penal interest on overdrawings ,(due to periodical debiting of interest and non - recovery of interests on loans) has been collected

d) branch has adhered to other conditions applicable to loans / advances against NSC, LIC, Shares / Debentures for customers

e) the limit against shares is maintained separately and shares are held in demated form as per procedures

f) ROI stipulated for loans beyond concessional limit to both workmen & Officer employees is as applicable to " Loans to individuals - secured ".

* g) If an employee has more than one running limits, cheque book facility is restricted to one OD account only. (BPC on adv emp. Updated upto 31-07-07)

g) ***salary is being credited to clean OD***

**** h) overdrawn / irregular a/cs are reported to HRM section, Circle Office, as per Appx.11 of BPC on Adv. to Employees.***

**** i) in respect of loan accounts transferred from one branch to another, interest for the broken period till the date of opening of account in the transferee branch is to be calculated manually and debited to loan account/accumulated product is entered in the system, as the case may be.***

VI . 2 . HOUSING LOANS : (Prod. Code : HL (W) : 666,
HL (O) : 667
SHL(w) : 668
SHL(O) : 669)

Check whether -

01 a) all the sanction terms have been complied with and all loan papers obtained correctly and completely

b) relevant procedures regarding legal scrutiny, equitable mortgage transaction, Urban Land Ceiling Regulations, obtention of EC etc.,are complied with

02 certificate of loan papers obtained has been forwarded to the sanctioning authority along with checklist for EMT

03 property tax paid receipt (on first assessment of tax) and undertaking letter for waiver of production of further tax paid receipts are obtained

04 appropriate pledge letter for collateral securities such as ,LIC policies, deposits and other approved securities is obtained

05 building is adequately insured with Bank clause

06

a) In the event of death of the employee during the service existing interest rate will be charged till the ostensible date of retirement.

b) In case any legal heir of the deceased is employed by the Bank on compassionate grounds, monthly repayment should be made by the legal heir within the stipulated period.

c) In the event of resignation etc., clearance of HL liability or continuation - to be decided before relief from the Bank.

d) For continuation of liability beyond the date of resignation interest is to be charged at the rate applicable to customers.

e) Charging of existing rate of interest will be permitted under the following circumstances :

i) Entire liability including interest is got cleared from the terminal benefits.

ii) Mandate is given to clear the liability from the terminal benefits.

iii) Delay in releasing the terminal benefits should be of technical nature and there should not be any fault on the part of the employee.

11. In respect of HL on paripassu charge with LIC Housing Finance Ltd., branch has adhered to guidelines thereof

12. ***the accounts have been clubbed in accordance with guidelines***

* 13. availability of stagewise inspection report and completion report is to be ensured.

14. Interest table to be verified. Print out to be kept with loan papers.

* SPOT INSPECTION AS PER NORMS TO BE CONDUCTED AND CONSTRUCTION AS PER APPROVED PLAN TO BE ENSURED.

VI . 3 . CONVEYANCE LOAN SCHEME TO EMPLOYEES
(Prod. Code : 694 – 700)

*** Please refer BPC on Adv. to Employees updated till 31-07-2007 – page 69 – 99.**

Check whether -

a) loans granted are backed by sanctions.

b) margin, rate of interest, quantum of loan, repayment etc., are as per the scheme.

c) the vehicle is fully insured with Bank clause.

d) all other conditions applicable to LHV to customers have been complied with.

e) overdue / penal interest is charged on irregular accounts.

f) mandate to deduct instalment from salary has been obtained and acted upon.

g) additional loans for purchase of two wheelers granted are as per guidelines.

* h) it is to be ensured that the loan quantum is arrived on the invoice value excluding Regn. Charge, Road tax, insurance premium.

* i) in respect of used vehicle, the value of the vehicle as assessed by the qualified automobile engineer or the original invoice value or the actual purchase consideration, whichever is the least is the cost of vehicle.

* j) It is to be verified whether there is a gap of not less than 4 years between the date of earlier LHV loan and the date of fresh LHV loan.

* k) The amount of fresh loan is resticted to Rs.60,000 for scooter/motor bikes and Rs 14000/- for mopeds.

* l) Copy of RC book with bank's lien duly noted and RTO forms like blank transfer form duly signed by the employee , etc., are obtained .

* m) verification of asset is to be done.

VI . 4 . DURABLE UTILITY ARTICLE LOANS : (Prod. Code : Old :692, New :693)

* Refer BPC on Advances to Emoployees updated till 31-07-2007 - page 39 – 47.

Check whether -

a. loans sanctioned conform to guidelines issued from time to time

b. overdue / penal interest collected as per norms, in case of irregular accounts.

c. RoI on loans of ex-employees, is as per guidelines

* d. OLD SCHEME :
- Purpose – to purchase durable utili consumer goods.
- Quantum - 3 months gross salary ,Rs 15000/- or 90 % of invoice value, whichever is less.
- Net take home salary should not be less than 25 % of gross salary.

- Repayment – Max. 36 months equal instalments.

* e. NEW SCHEME :
- Purpose – to purchase durable articles or to meet cost of expenditure of any social/religious/marriage obligations.
- Quantum : Rs. 15,000/- or 90 % of invoice value whichever is less. Or Rs. 15,000 or 90 % of cost of expenditure.
- Net take home salary should not be less than 50 % of gross salary. (refer page 41 of BPC on Advances to Employees.
- Repayment – Max. 60 months.

* f. Once the employee opts for Clean DPN loan, he/she is not eligible to avail DUAL during his/her rest of the tenure.

VI . 5 . GOLD LOANS : (Prod. Code : 691)

Refer : BPC on Advances to Employees updated till 31-07-2007 page111 – 118.

a. Is application obtained and copy forwarded to controlling authority ?

b. Is the loan amount and scale of finance within the permissible limit ?

Note: Gold loan to employees for domestic purpose : Rs. 5,000/-
* For Agricultural purposes - Rs2,00,000/-;
For meeting escalation in Housing - Rs. 15,000/-;

VI . 6 . DPN LOANS TO EMPLOYEES (Prod. Code : 701)

Check whether -

1. branch has complied with sanction terms
2. assets created out of DPN loan are insured
3. In case of DPNs permitted for acquisition of house site/plot, whether EMT has been put through ?

VII . GOVERNMENT SPONSORED SCHEMES

VII. GENERAL GUIDELINES:

Check whether

a. **Beneficiaries are duly identified and recommended by concerned agency/department.**

b. **Subsidy claim is made/ received in time and backend subsidy kept in SRF/Deposit as applicable to scheme guidelines.**

c. **Interest is collected only for net of subsidy in case of back ended subsidy accounts.**

d. **Insurance available for assets created.**

e. **Bills and receipts obtained for disbursement made.** BRINSP - 1251

f. **Eligible accounts are covered under CGMSE.** BRINSP - 1309

g. **Progress reports submitted at stipulated intervals.**

h. **Processing charges collected in the case of loans considered under Margin money /subsidy schemes of autonomous corporation sponsored by State / Central Governments .** BRINSP - 4008

i. **Applicable inspection charges collected .**

Note: upto Rs.25000/- NIL above Rs.25000/- and upto Rs.2 lakhs Rs.10/- per inspection subject to Maximum of Rs.150/- per year.
Above 2 year Rs.50/- per inspection or actual expenses incurred which ever is higher with a maximum of Rs.200/-per year.

VII . 1 . PRIME MINISTER'S ROZGAR YOJANA (PMRY) :

681 – PRIME MINISTER’S ROZGAR YOJANA
(Scheme is discontinued. Following checklist is applicable for existing loans)
Check whether –

a) borrowers fulfill eligibility criteria i.e., within the age group of 18 to 35 years (For ST/SC/Ex-Servicemen/physically handicapped/women - 18 to 45 years and North Eastern States and **Himachal Pradesh, Uttarakand and J & K** - 18 to 40 years), belonging to a Family whose Income is not exceeding Rs.**100000**/-p.a. and a permanent resident of 3 years anywhere in the District (relaxed for married woman).

b) other conditions of the Scheme such as margin at 5% to **17.5**% (in North Eastern States **and Himachal Pradesh, Uttarakand and J & K** 5 to **17**%), project cost not more than Rs.**2.00** lakh under Business/**service** and Rs.**5.00** lakhs under Industry and Rs.**10.00** lakhs under Partner-ship projects under Industry Sector, maximum composite loan amount, security, repayment norms are strictly adhered to. No upper ceiling on project cost for SHG. **BRINSP - 1003**

c) repayment period is stipulated depending upon profitability of the venture. An initial moratorium of 6 to18 months is allowed.

d) collateral security has been stipulated wherever applicable.

e) branch has ensured that the borrower has undergone required training (training is compulsory for industrial and service ventures)

f) branch has ensured that none of his/her family members are defaulters to any of the financial institution.

g) loans are sanctioned as composite loans and disbursement is done within the cut off date.

. h) additional finance if any, is agreed by the task force and total project cost i.e., aggregate of first and second loans (together with 5% margin) is within the prescribed limit.

i) in respect of loans granted to partnership firm whether each one of the partners satisfies the eligibility criteria.

j) Processing charges and Penal interest are not collected.

k) disbursements of loans sanctioned under the scheme during a financial year have been completed within the stipulated time.

l) affidavit regarding income, age & eligibility is obtained.

m) Subsidy amount correctly claimed:

Ceiling on subsidy 15% of Project cost subject to

I. Rs.15000/- in North Eastern states, Himachal Pradesh , Uttarkhand and J & K

II. Other States Rs.12500/-

III. SHG Rs.15000/- per beneficiary subject Maximum of Rs.1.25 lakhs.

VII . 2. SWARNA JAYANTHI GRAMA SWAROZGAR YOJANA: (SGSY)

682 – SWARNA JAYANTHI GRAMA SWAROZGAR YOJANA

Replaced IRDP / TRYCEM / DWCRA / SITRA / GKY AND MWS in rural areas.

Check whether -

a. the beneficiary / group (BPL) , including training needs, has been identified with reference to MSR (Minimum Skill Requirements).

b. the choice of activities based on local resources, aptitude as well as skills of people?

c. loan amount depends upon the nature of project and is a composite loan.

d. all conditions stipulated viz., subsidy, margin, repayment, insurance, etc. are satisfied.

e. all parameters stipulated for Grading of SHG's at the time of extending Revolving Fund / Income Generating Activities are complied. **BRINSP - - 3009**

f. covered under NABARD Refinance (if eligible).

g. coverage of beneficiaries is as per norms , i.e., 50% to SC/ST, 40% women and 3% disabled

h. minimum lock-in period is observed while adjusting the subsidy , that is, 3 / 4 / 5 years for the repayment period of 5 / 7 / 9 years respectively.

VII . 3 . SWARNA JAYANTHI SHAHARI ROZGAR YOJANA (SJSRY) :

683 – SWARNA JAYATHI SHAHARI ROZGAR YOJANA

Scheme replaced SUME (Scheme of Urban Micro Enterprises) and PMIUPEP (Prime Ministers Integrated Urban Poverty Eradication Programme). , AND,

Consists of Special Schemes viz. ,USEP (Urban Self Employment Programme) and DWCUA (Development of women and children in urban areas);

Check whether

a) all conditions stipulated under assistance to individual urban poor beneficiaries for setting up gainful self-employment viz., eligibility, project cost, subsidy, margin, security, repayment, etc. are satisfied.

b) all conditions stipulated under DWCUA (Development of Woman and Children in urban areas) viz., project cost, group size, margin, subsidy, etc., are satisfied.

c) repayment period is 3 to 7 years after initial moratorium of 6 to 18 months.

d) subsidy is kept 'back ended' & adjusted only after the lock in period/scheme guidelines.

e) training is not insisted as a pre-condition for sanction in respect of activities not requiring special skills.

VII .4.SCHEME FOR LIBERATION AND REHABILITATION OF SCAVENGERS

684 – SCHEME OF REH LIB AND REH OF SCAVENGERS

Check whether -

a) project cost (not to exceed Rs.50000), loan amount, repayment terms, margin, Rate of interest etc as per norms of the scheme

b) loans are sanctioned under DIR even if the total cost exceeds Rs.6,500/-

c) margin money (Max. Rs.7,500) and subsidy (Max. Rs.10,000/-) are received and appropriated as per norms / guidelines

d) entire loan amount is disbursed in one installment at the time of acquisition of assets

e) where loan amount is disbursed in stages, is entire subsidy amount released as soon as 25% of the sanctioned loan amount is disbursed.

f) loans are granted , if otherwise is eligible. even if one had been assisted earlier under any subsidy linked scheme ,

g) Loans granted to other members of the family even though one of the family members is a defaulter of loan under the above Scheme.

h) Age is restricted to 18 to 50 if the activity requires training.

VII 5. SRMS(Scheme for rehabilitation of manual scavengers- HO Cir 116/07 dated 18-04-07)

Check whether

The beneficiaries were not covered /ineligible under NSLRS and any other schemes of GOI/State Government and unemployed.

The borrowers are trained by Government agencies/institutes .

Quantum : Term Loan upto a maximum project cost of Rs.5.00 lacs
Micro financing : Upto a maximum project cost of Rs.25000/- per scavenger
Capital subsidy received before disbursement of loan and periodical interest subsidy claim made.

VII. 6. Rural Housing Scheme (TOP UP LOAN FOR IAY) (HO Cir 39/2008, 52/2009)

663 – SPECIAL RURAL HOUSING SCHEME

a. **Scheme for providing top up loans to the beneficiaries of Indira Awas Yojana**
b. **Rs.20000/- as top up loan to meet differential cost of construction of House to the beneficiaries of IAY.**
c. **Rural house holds those who are below poverty line and SHGs are eligible.**

VII. 7. PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP) (HO CIR NO.294/08, 73/09, 132/09).

1. Scheme operational in rural as well as urban areas.
2. Maximum project cost Rs.25 lakhs for manufacturing activities and Rs.10 lakhs for service activities.
3. Only one person from family is eligible for obtaining financial assistance under the scheme.
4. Margin Money / subsidy up to 35% of the project cost depending upon the category of the beneficiary and location of the unit.
5. Minimum margin from promoters @ 5% of the project cost of special category and 10% for general category beneficiaries.

VIII . LOANS UNDER OTHER SCHEMES

VIII . 1 . TO PURCHASE BOOKS ON BABA SAHEB AMBEDKAR :

(i) ELIGIBILITY	Individuals, Associations & other institutions having a satisfactory dealings.
(ii) PURPOSE	For purchase of publications/ writings of Dr. Ambedkar
(iii) QUANTUM	Rs.800.00
(iv) REPAYMENT	In 24 monthly instalments
(v) MARGIN	nil
(vi) SECURITY	Personal.
(vii) DOCUMENTATION	i) Application cum letter of undertaking ii) DPN/DPN covering letter.. iii) Authorisation letter in case of salaried
(viii)DISBURSEMENT	Direct to the Seller. (no reimbursement).

VIII .2 . SCHEME FOR FINANCING SELF-HELP GROUPS :

737 - LOANS TO SELF HELP GROUPS
738 - LOANS TO NGO-ON-LENDING TO SHGs
801 - AGRI SHG MONTHLY INSTALMENTS
851 - AGRI SHG OTHER THAN MONTHLY INSTALMENTS

Check whether –

a) the group size is between 10 to 20 members, the group had active existence of 6 months before availing loan and whether group maintain proper records.

b) the group was rated as per the matrix advised.

c) Rate of interest, repayment terms are fixed as per guidelines.

d) groups are properly classified as per HO circular 340/06 date 20-11-2006 and 176/07 dated 23-06-07.

e) Refinance from NABARD is availed in eligible cases BRINSP - 1008

JANASHREE BIMA YOJANA – SCHEME GUIDELINES (HO CIR NO.94/2009)

- Janashree Bima Yojana is a Death cum Disability insurance scheme by LIC of India.
- All the credit linked women Self help Group members are eligible to be covered under the scheme.
- The premium payable is Rs.200/- per member per year, Members have to pay a premium of Rs.100/- per year and the balance would be met by Govt. of India.
- The policy is valid only for one year and hence requires renewal every year by paying the premium.
- As an add-on benefit, LIC is paying a scholarship of Rs.1200/- per annum, for the children of the JBY members, who are studying in IXth to XIIth standard (including ITI).
- The scholarship is paid only to two children of the JBY members, Circle Office will act as the Nodal Agency and coordinate with the P&GS unit of LIC linked to them, for operationalising the scheme.

VIII . 3 . ARTISAN CREDIT CARD SCHEME (to be classified under SME)

734 – ARTISAN CREDIT CARD SCHEME
264 – OD/OCC ARTISAN CREDIT CARD SCHEME

Salient features : -

a) to meet investment and working capital needs of artisans upto a maximum of Rs.200000/-
b) cards are valid for three years.
c) beneficiaries under other Govt. sponsored schemes are not eligible.
d) application, documentation, ROI, security, insurance, service charges, inspection, insurance, NPA norms are as applicable to WC / TL to SME (Tiny / small I) **BRINSP - 1010 / 1201 / 1302 / 1312**
e) no collateral security to be obtained.
f) Should be covered under CGMSE BRINSP - 1309

VIII .4 .LAGHU UDYAMI CREDIT CARD SCHEME - FOR PRORITY SECTOR ADVANCES

255 – OD/OCC LAGHU UDYAMI CREDIT CARD SCHEME

Applicable to small borrowers like RT / SME etc., enjoying and operative limit up to Rs. ten lakhs with us*(Cards valid for 3 years **with annual review**)*

Check whether -

1) the norms regarding eligibility, margin, purpose, quantum, period, rate of interest, security **(HO Cirs 46/02, 144/04, 140/06)** are complied **BRINSP - 1003 / 3112**

2) the issue of Card is as per the guidelines and sanctioned within the delegated powers

3) appropriate service charges are collected at the time of entertaining the proposal **BRINSP - 4008**

4) appropriate loan papers have been obtained , depending upon the security - prime / collateral - in addition to loan papers for OD / OCC accounts. **BRINSP - 1201**

5) simplified stock statements (NF 585) and book-debts statements have been obtained in case of limits beyond Rs.200000/- to Retail Traders and SMEs.

6) inspection of security has been *done at stipulated intervals (at present - quarterly)* **BRINSP - 1302**

7) Eligible accounts are covered under GCMSE.

VIII .5. DEBT SWAPPING: Scheme for repayment of debts of distressed Urban Poor from non institutional sources. (HO Cir 152/06 dated 30-05-06, 147/08 dated 20-06-08)

a. Distressed urban poor who are living below poverty line in metropolitan/urban area.
b. maximum loan amount Rs.10000/- for loan sanctioned till 19-06-08 and Rs.50000/- sanctioned subsequently subject to 150% of Gross Annual Income.
c. Co obligation of spouse / adult children is to be obtained.

VIII.6. SCHEME FOR FINANCE OF SANITATION FACILITIES IN RURAL AREAS (HO Cir 205/07 dated 02-08-07)

a. Bank finance is provided for construction of twin units of toilets and bath rooms in RURAL Areas.
b. Rate of interest as applicable to Housing schemes for individuals and for SHGs BPLR – 2.75%
c. Branches to consider the proposals under GCCS also.

VIII.7. Micro Financing Scheme :

Handloom Weaver Groups (HWGs) and Agarbathi manufactures groups (AMGs – HO Cir 199/07)

737 – LOANS TO SELF HELP GROUP
738 – LOANS TO NGO- ON LENDING TO SHG

a. Group may be of 5 to 10 members.
b. Quantum of loan: Individuals upto a maximum of Rs.50000/-
Groups: Group of 5 members Rs.2 lakhs and 10 members 5 lakhs.
c. Eligible loans to be covered under CGMSE

IX . AGRICULTURE LOANS

IX . 01. GENERAL GUIDELINES -

IX. 01. A : VERIFY WHETHER -

a) credit-worthiness and progressive outlook of farmers besides economic viability and technical feasibility of Schemes financed have been established and recorded. **BRINSP - 1004**

b) efforts are directed towards financing investment which would result in higher incremental income.

c) the system of free exchange of information regarding indebtedness of borrowers is made use of instead of `No due certificate' from other banks. **BRINSP - 1009**

d) particulars especially details regarding immovable properties furnished along with the application is invariably certified by the Manager. **BRINSP - 3006/ 3007**

e) utmost care is exercised while sanctioning loans for land development, reclamation, improvement, soil conservation schemes **to ensure economic viability. BRINSP - 1002**

f) all supporting documents such as land records, land tax paid receipts etc., are obtained wherever necessary. **BRINSP - 1013**

g) **Unit cost for investment and development activities for agricultural term loans provided by Circle Office available/adhered to.** BRINSP - 3112

h)disbursements made under various types of loans are in accordance with the relative procedure. **BRINSP - 1240**

i) Bank's Hypothecation Board is displayed in a prominent place in the farm for loans above Rs.25,000/- (except Crop loan). **BRINSP - 1330**

j) margin, security, guarantee etc., have been stipulated depending on the quantum and purpose of loan etc. **BRINSP - 1003/1005**

k) assets created/purchased out of loan are insured wherever required, with bank clause. **BRINSP - 1312/1313/1314**

l) the following are maintained properly and up-to-date -

i) Credit report-cum-inward application register for proposals under powers of RO / CO. **PRR 20-D and 20-C for branch sanctions submitted to RO /CO up to date and review letters duly attended to.** BRINSP - 1306/1307 **/**3101

ii) **Copy of credit reports submitted to RO/CO for review for eligible accounts.** BRINSP - 3114

iii) Village profiles

iv) Borrowers profile card. (Except for AG VSL & Gold Loans).

m) the Branch has issued Credit Cards (Agrl. Pass Book) to individual borrowers

n) loans granted to farmers / others for various purposes as under are correctly classified

i) for setting up Cold Storage Unit in rural areas used for storing own produce and for hiring out.

ii) refinance extended to our RRBs.

iii) short term loans granted for traditional plantation crops irrespective of the size of the holding.

iv) to commission agents for meeting their Working Capital requirements on account of their extending credit to farmers for supply of inputs.

v) for loans sanctioned up to a sum of **Rs.10.00** lakhs - to farmers against pledge / hypothecation of agricultural produce including ware house receipt for a period not exceeding 6 months when farmers are sanctioned crop loans.

vi) for purchase of generators for energizing pumpsets.

vii) **Loans sanctioned under General Credit Card Scheme , Loan scheme for financing food and agro processing units, SHGs .**

o) valuation of landed property has been done by the following: **BRINSP - 1226**

1) Branch Manager - loans **up to Rs. 10.00lakhs**.
2) AEO / AEO promotee Manager - .loans up to **Rs. 15.00 lakhs**

3)While valuing the landed properties refer 3.9.2 page 36 of MOI on Agricultural Finance updated till 31-05-2007

p) branch has conducted pre-sanction, post sanction and periodical inspections and submitted reports wherever necessary (**refer HO cir 87/06 dated 04-04-2006 for more details)** BRINSP - 1005/1320/1321

q) **follow up monitoring of restructured loan accounts are ensured by the branch (ref HO Cir 327/07 dated 29-11-07 for details)** BRINSP - 1005/1320/1321

Note:

1. following forms are to be used for reporting post sanction inspection visits.

   a) NF 594 (F1446) in respect of loans granted to allied activities such as poultry, dairy, piggery, fisheries, duck rearing , etc.

   b) NF 595 (F 1447) In respect of loans connected to land based activities where the repayment is linked to income out of the crops such as crop loans, farm development loans, minor irrigation, bio-gas loans etc.

The above is applicable for loans granted by RO/CO; for Branch sanctions, the above is waived. However, branches have to maintain village-wise or area-wise follow-up register incorporating the observations.

r) loans granted to commission agents (for supply of Agricultural inputs to farmers),against book debts / receivables is restricted to parties who are already enjoying OCC facility with us and credit worthy **BRINSP - 1002**

s) ALs to employees have been sanctioned by CO and branch has complied with all sanction terms **BRINSP - 3102**

t) the Branch has followed instructions issued by RBI / GO I /HO from time to time re: utilization of NPBW day and whether utilization of NPBW Day is effective

u) Give details of spot visits.

IX . 01 . B . CHECK WHETHER -

1. appropriate application and documents have been submitted by the borrower. **BRINSP - 3004/3005/3006/1201/1202**

2. **Self declaration from borrower cum certificate by branch officials on No dues with other FIs obtained(HO cir 256/07). BRINSP - 1009**

3. sanction by appropriate authority is available / sanction is within delegated powers. **BRINSP - 3102 / 3103 / 3104 / 3105 / 3106 / 3107**
(Note : Term loan proposals of Rs.50 lakhs and above should be appraised by ACS, HO. and waiver, if any, permitted by sanctioning authority after ensuring technical feasibility and economic viability of the proposal, should be duly recorded in the sanction memorandum)

4. Documentation is as per guidelines. **BRINSP - 1201 TO 1252**

*NOTE : Simplified hypothecation agreement (NF 963) introduced in March 2005 replaces NF 909 (KCCS) and **NF 459** (only in case of investment loans without co-obligation and development loans where mortgage of land is stipulated)*

Simplified application cum appraisal Forms :

Upto Rs.50000/- NF 987. Upto 2 lakhs –NF 983 and Above 2 lakhs to 10 lakhs 986(refer HO circulars 86/06, 254/06 and 121/07).

5. *aggregation of limits (for stipulating the security / margin and for determining the ROI) is as per guidelines.* **BRINSP - 4012**

6. *mode and periodicity of collection of interest are as per guidelines* **BRINSP - 4012 / 4015 / 4016**

7. *processing charges and security inspection charges have been collected, wherever applicable.* **BRINSP - 4008**

Note ::

PROCESSING CHARGES : All Agricultural loans up to Rs.25000/- Nil

Term Loans – above Rs.25000.00 0.5% of the loan amount (no maximum ceiling)

Short term loans – Rs.25001/- to Rs.2 lacs Rs.100/-

Above Rs.2 lacs Rs.100/ per lakh or part thereof with a maximum of Rs.1 lakh.

INSPECTION CHARGES : **BRINSP - 4017**

Upto and inclusive of Rs.5000/- Nil

Above Rs.5000/- and upto and inclusive Rs.25000/ Rs.10/ per inspection per -borrower subject to a maximum of Rs.50/ per year.

Above Rs.25000/- & upto and inclusive of Rs.2 lacs – Rs.20/ per inspection or actual expenses which ever is higher with a maximum of Rs.250/- p.a. per borrower.

Above 2 lakhs - Rs.50/- per inspection per borrower or actual expenses incurred whichever is higher.

Note; Inspection charges for weaker section is as applicable to Government sponsored scheme loans.

8. records relating to pre & post sanction visits / inspections are maintained and charges thereof collected. **BRINSP - 1005 / 1320 / 1324 / 1325 / 1331 / 4017**

9. borrowers profile cards are maintained.

10. disposal of applications and disbursement of loans are within time norms. **BRINSP - 3001**

11. asset classifications is as per guidelines **BRINSP - 1401**

12. branch has adhered to RBI guidelines on agriculture advance.

13.insurance cover has been obtained wherever applicable and timely renewal ensured. **BRINSP - 1312 / 1313 / 1314**

14. branch has maintained DCB particulars

15. branch has participated in BLBC meetings

16. LBR has been submitted.

IX . 2 . **DEVELOPMENT LOANS :**

827 Horticultural plantation loan
828 Farm Development Loan
882 Horticultural plantation loan
883 Farm Development Loan

Check whether

a) such loans have been granted only to the owners of the land and relevant documents such as estimates for the proposed development, valuation certificate from competent authority, certificate from Ground Water Survey Directorate (wherever required) Analysis Report etc., have been obtained **BRINSP - 1013 / 3011**

b) the title deeds (including EC for 13 years) been scrutinized by the lawyer and scrutiny report submitted in the prescribed format **BRINSP - 1224**

c) LSR has been approved by the Branch-in-charge and checklist thereof **as well as property inspection report by the branch officials are available(Ref HO Cir 308/05)**. **BRINSP - 1224 / 1225 / 1227 / 1228**

d) the type of mortgage put through is as opined in the scrutiny report **BRINSP - 1224**

e) all the original documents scrutinized by the Legal Advisor have been deposited with the branch in a notified area **BRINSP - 1230**

f) the mortgage deed , for simple mortgage, is as per the prescribed format **BRINSP - 1231**

g) further EC upto the date of creation of mortgage, evidencing NIL encumbrance is available **BRINSP - 1233**

h) the equitable mortgage put through is as per procedure. **Whether due precautions/due diligence taken / followed in respect of third party property taken as security (HO Cir 258/06). BRINSP - 1228**

i) EMTs-Collection of title deeds by non notified branches (HO Cir 04/07)

j) Register for recording Deposit of Title Deeds is maintained & up-to-date **BRINSP - 1237**

k) the branch officials have visited farm periodically to ensure end use of the disbursements made **BRINSP - 1320 / 1321 / 1323 / 1324 / 1240**

l) bills and vouchers obtained / waived as per the guidelines (ref 3.5.5 page 32 of MOI on AF updated upto 31-05-2007). BRINSP - 1251 / 1252

m) Reimbursement permitted as per guidelines say upto 5 lakhs by sanctioning authority and above upto 100 lakhs by the next higher authority (for details ref 3.5.10 of MOI on AF updated till 31-05-07. BRINSP - 3102

n) periodical land tax receipts have been verified by the branch **BRINSP - 1235**

o) laid down procedure and conditions have been complied with , in respect of term loans granted to borrowers of LDBs. ,

IX.3 Loans for construction of farm Houses

783 - LOAN FOR FARM HOUSE MONTHLY
835 - LOAN FOR FARM HOUSES
885 - CONSTRUCTION OF FARM HOUSE

a. Construction of farm house apart being a dwelling house shall necessarily also include storage room / godown / Sheds for live stock and farm machinery. BRINSP - 1004

b. The farmer should hold economic land holding. BRINSP - 1002

c. **A regular house which can be financed under general housing loan should not be brought under this scheme.** **BRINSP - 1004**

IX. 4. SCHEME FOR FINANCING FARMERS FOR PURCHASE OF LAND FOR AGRICULTURE PURPOSE:

888 - LOAN FOR PURCHASE OF AGRICULTRUAL LAND

Eligibility : Small and marginal farmers ,and, tenant farmers / sharecroppers

Note : Total land holding, including the land to be purchased, should not exceed five acres of non-irrigated / 2.5 acres of irrigated land. **BRINSP - 1004**

Quantum : Assessed value or registration value, whichever is less, and value of stamp duty and registration charges for sale/mortgage deed, with a minimum margin of 20 %. **BRINSP - 1003**

Valuation: Thne offer price of the seller/value of the property to be cross checked with sub registrar office

Security : Mortgage of land (both presently owned and to be purchased) and hypothecation of crops grown. **BRINSP - 1302**

Repayment : within seven to ten years including moratorium of two years (maximum).

Other guidelines : Loan disbursed in two stages (initially as DPN loan and later on as term loan, on putting through EMT in accordance with existing guidelines). **BRINSP - 1301**

IX . 5 . FARM FORESTRY LOANS :

816 - FARM FORESTRY LOANS
884 - FARM FORESTRY LOAN

Check whether -

a) loans are considered for owners / lessee cultivators and trees raised are suitable for cultivation in the proposed area and there is adequate demand for the trees **BRINSP - 1002**

b) " Hypothecated to Canara Bank " board is displayed in a prominent place in the farm **BRINSP - 1330**

c) Applicable subsidy is claimed and followed up for receipt of same where ever applicable. BRINSP - 1301

IX . 6 . TRACTOR, POWER TILLER, TRAILER, MECHANISED BOATS, BARGES AND OTHER FARM MACHINERIES:

802 - FARM MACHINERY LOAN
856 - FARM MACHINERY LOAN

Check whether – REVISED GUIDELINES W.E.F 01-01-2009 (HO CIR 363/2008)

a) the branch has ensured sufficient land holdings (Minimum land holdings fixed at:: Tractors – 6 acres of perennially irrigated land or 12 acres of dry land, Power tillers – 3 acres of perennially irrigated land or 6 acres of dry land), scope for optimum use of these machines, availability of servicing facility etc., before granting Of loans **BRINSP - 1002.**

b) Scoring matrix introduced for assigning the eligibility for tractor loans.

c) Retention of 5% of the value of the tractor payable to the dealers till the RC Book is received.

d) Circle DGM empowered with discretions for sanction of loans under certain circumstances. Sanction of Combine Harvestors proposals by AGM and above of RO / CO.

e) In case of joint accounts, borrowers are to be from the same family.

f) The proposals to be from the service / command area ie., within a radius of 16 KM from the branch.

g) loan proceeds (along with margin wherever applicable) have been directly paid to the supplier against stamped receipt and invoice. **The payment of loan proceeds to the tractor dealers should be made only after the tractor and all other accessories as per Proforma invoice are supplied and our lien painted on the tractor and trailer. BRINSP - 1251**

h) acknowledgement for receipt of items in good condition is on record **BRINSP - 1251**

i) Bank's lien has been noted in the RC in respect of Tractor / Tillers / Trailers **BRINSP - 1246**

j) blank signed transfer forms and duplicate keys are obtained (sanctioning authority may waive the obtention of duplicate keys) **BRINSP - 1244**

k) RCs have been verified periodically and dates thereof noted in the ledger **BRINSP - 1245**

l) the advance granted is only for purchase of tractor included in the list of eligible make of tractors advised from time to time.

m) The branches with outstanding farm machinery portfolio of more than 50 loans or recovery less than 85% under the relative portfolio have to obtain prior clearance from CO for every block of 5 such loans. BRINSP - 3102

n) the mechanized boat / trawler is registered with MPEDA and Bank's lien got noted by such authorities **BRINSP - 1246**

- license from Port Authority has been obtained
- duplicate keys of the boat are lodged with loan papers
- boats are insured against marine, theft, fire risks and also total / partial loss against fire risks at Boat Building Yard wherever applicable **BRINSP - 1312 / 1313 / 1314**

o) necessary arrangements have been made with the Fish Marketing Federation regarding sale of catches and remittance of sale proceeds to the Bank

p) securities are adequately insured (with bank clause) wherever necessary **BRINSP - 1312**

IX . 7 . LHV TO AGRICULTURISTS: (AL LHV)

799 - AL LHV MONTHLY
803 - AL LHV
857 - AL LHV

Check whether

a) the applicant is a owner cultivator or engaged in allied activities. **BRINSP - 1004**

b) applicant possesses valid driving license or has engaged drivers possessing DL (Four - Wheeler) **BRINSP - 1004**

c) margin and security are as per norms of the scheme . **BRINSP - 1003 / 1302**

d) branch has complied with all other conditions as applicable to LHV **BRINSP - 1301**

e) second hand/used vehicle, if financed , is not more than five years old and margin of 25% is maintained. **BRINSP - 1003**

IX . 08 . DAIRY, PIGGERY, SHEEP / GOAT / DUCK REARING, BULLOCK AND CART

795 - DAIRY LOANS – MONTHLY
796 - DUCK REARING
804 - DAIRY LOANS
860 - DAIRY LOAN
861 - SHEEP REARING
863 - BULLOCK CART – CAMEL
864 - PIGGERY LOAN

Check whether -

a) Loan proceeds along with margin have been directly paid to the vendor / supplier against stamped receipt/invoice. **BRINSP - 1251**

b) Branch has ensured suitability of the breed of the animal to the locality, availability of fodder, drinking water, veterinary facilities etc., before granting loans **BRINSP - 1002**

c) veterinary doctor's certificate is obtained wherever necessary and whether the animals are tattooed with indelible ink or tagged with metallic ear rings **BRINSP - 1330**

d) Bank's hypothecation board is displayed in the cattle shed/pig sty etc., when the loans are above Rs.25,000/- **BRINSP - 1330**

e) marketing arrangements for sale of milk have been made, and the sale proceeds received by the branch directly

f) in case of loans granted for raising cross-breed heifer, the loan amount meant for purchase of feeds, medicines etc., for maintenance of heifer till it reaches lactation period are disbursed in stages

g) insurance cover has been obtained for loans above Rs. 25000 **BRINSP - 1312**

IX . 09 . POULTRY :

796 -- POULTRY MONTHLY
806 -- POULTRY LOAN
862 -- POULTRY LOAN

Check whether -

a) the branch has ensured party's experience in poultry farming, marketability of eggs, broilers etc., sufficient accommodation in a calm area, availability of poultry feed, day old chicks, veterinary facility etc., before granting the loan **BRINSP - 1002/1004**

b) insurance cover has been obtained , where loan amount exceeds Rs. 25000 **BRINSP - 1312**

c) the project is Technically Feasible and Economically viable. **BRINSP - 1002**

d) Photographs of the assets covering the stage of construction obtained at the time every disbursement. BRINSP - 1251

IX . 10 . INLAND FISHERIES:

813 -- FISHERIES LOAN – INLAND
867 -- FISHERIES LOAN - INLAND

Check whether -

a) the branch has ensured the suitability of pond and water for fish culture, availability of infrastructural facilities such as fingerlings, fertilizers, manure, labor, marketing facility, availability of technical guidance from MPEDA / fisheries Dept. of State Government **BRINSP - 1002 / 1004**

b) loans are disbursed directly to suppliers of equipment, fingerlings and payments are backed by vouchers / bills / Stamped Receipts **BRINSP - 1251**

IX . 11 . BEE-KEEPING :

809 -- APICULTURE LOAN
865 -- APICULTURE LOAN

Check whether -

a) the branch has ensured party's experience and availability of flowering plants throughout the year, availability of marketing facility and the benefit of cross pollination and availability of extension support from KVIC / KVIB **BRINSP - 1002 / 1004**

b) payments have been made directly to suppliers of equipments, bee colonies, etc., and stamped receipt lodged with loan papers **BRINSP - 1251 / 1301**

IX . 12 . SERICULTURE :

866 -- SERICULTURE

Check whether -

a) the borrower has obtained necessary license or permission from State Sericulture Department for rearing silk worms in the area **BRINSP - 1010**

b) at the time of granting loans for raising mulberry crop, sinking / deepening of well, construction of rearing house etc., the branch has adhered to the rules governing respective types of loans **BRINSP - 1002**

IX . 13 . GOBAR GAS / BIO-GAS PLANTS:

874 - BIO-GAS PLANT LOAN

Check whether -

b) the loan proceeds have been remitted to supplier/contractor /party directly against invoice and stamped receipt in stages. **BRINSP - 1251**

IX . 14 . PUMPSET (DIESEL/ELECTRIC)/DRIP IRRIGATION :

826 - MINOR IRRIGATION
855 - PUMPSET / DRIP / SPRINKLER LOANS
881 - MINOR IRRIGATION

Check whether

a) the loan has been granted only after obtaining feasibility certificate from State Electricity Board (Pumpset) ensuring the norm in respect of minimum distance between wells stipulated by State Ground Water Directorate **BRINSP - 1301**

b) other eligibility norms have been ensured **BRINSP - 1012**

c) the branch has ensured that the pumpsets conform to specification laid down by `Bureau of Indian Standards' and bear IS 10804-86 mark **BRINSP - 1301**

d) the make of the pumpset (if, submersible) is in the approved list **BRINSP - 1301**

e.) Disbursement of loan made only as per laid down system- refer clause 13.9 page 108 of MOI on AF updated till 31-05-2007. BRINSP - 1301

IX . 15. CROP LOANS :

781 - CROP LOANS
845 - CROP LOANS
847 - CONVERTED CROP LOAN

Check whether -

a) in case of loans to share croppers and tenant cultivators, the record of possession and cultivation issued by competent revenue authorities obtained. **BRINSP - 1013**

b) the branch Manager is able to identify the plots of land under cultivation by tenant farmer borrower. **BRINSP - 1005**

c) approved scales of finance for various crops are adhered to. **BRINSP - 3112**

d) timely disbursements are made as per predetermined schedules. **BRINSP - 1301**

e) disbursements of kind portion are supported by cash bills / vouchers **BRINSP - 1251**

f) extract of revenue records evidencing applicant's title to land holdings and revenue receipts are obtained. **BRINSP - 1013**

g) NOC has been obtained while granting crop loans to borrowers of Land Development Bank **BRINSP - 1009**

h) margin and security have been stipulated , depending upon the purpose and quantum of advance. **BRINSP - 1003 /1302**

i) branch has entered into tie-up arrangement with sugar mills, tobacco curers etc. wherever possible, to ensure proper recovery.

j) crops grown are covered under Rastriya Krishi Bima Yojana (RKBY) and premium recovered and remitted to an Implementing Authority within the stipulated cut off date pertaining to the season concerned

k) extant guidelines have been complied with, while converting crop loans into term loans on account of natural calamity **BRINSP -**

l) branch has ensured not to give crop loans to parties covered under KCCS and renewal of crop loan is invariably considered under the KCCS only

m) RESTRUCTURING OF EXISTING LOANS :

(i) The principal amount of the short term loan as well as interest due for repayment in the year of occurrence of natural calamity may be converted in to term loan (not overdue loans) .

(ii) Moratorium period of at least one year should be considered .

IX . 16. Canara Kisan OD

897 - CANARA KISAN OD

Whether

a. **Branch is designated by the circle office to sanction Canara Kisan OD limit BRINSP - 3102**

b. **Limit sanctioned for crop cultivation purposes also (not eligible) BRINSP - 1301**

c. **Minimum one year satisfactory track record ensured/relaxation permitted by next higher authority.**

d. **Limit fixed as per the scheme guidelines (Rs.50000 to 7.50 lakhs)**

e. **No double financing is ensured(finance should not be extended for the purpose for which finance already made under KCCS /KSS).**

f. **NF 985 Agreement and Deed for Canara Kisan OD is obtained.**

g. **Facility provided to clear private debts(maximum Rs.1 lakh) duly supported by declaration, certificate from appropriate person and discharge available(HO Cir 118/2007 dated 19-04-07).**

h. **Security norms duly adhered to. BRINSP - 1302**

BRINSP - b to g - 1301

IX . 17. KISAN CREDIT CARD SCHEMES (KCCS) :

840 – KISAN CREDIT CARD SCHEME – SHORT DURATION
895 – KISAN CREDIT CARD SCHEME – LONG DURATION
274 - OCC KISAN CREDIT CARD

Check whether -

a. the norms regarding purpose, eligibility, assessment of limits, margin, disbursement, pre/post-sanction visits and follow-up of loans are complied with . **BRINSP - 1002 / 1003 / 3102**

b. appropriate applications and documents are obtained for renewal / enhancement. **BRINSP - 1201**

c. issue of Cards and disbursements are as per the Scheme and amount sanctioned is within delegated powers. **BRINSP - 3102**

d. branch has ensured that the Cards are not issued for purchase of Livestock / Machineries / Equipments. **BRINSP - 1301**

e. Notified crops in notified area covered under RKBY scheme.

f. KCCS card holders are covered under PAIS

g. all KCCS accounts are reviewed annually and record thereof maintained (review reports are to be prepared in NF 946). **Limits renewed before the tenability. BRINSP - 1336**

h. branch has ensured that the Cards are not issued to Farmers dealing in SCC Commodities, Minors, defaulters of any financial institutions. **BRINSP - 1301**

i. overdue amounts have been arrived at as per norms.

j. all the existing parties enjoying crop loan, FGCS, ALOD are brought under KCCS at the time of renewal

IX .18. Kisan Suvidha Scheme

798 -- KISAN SUVIDHA –SUB LIMIT 2 – MONTHLY
841 -- KISAN SUVIDHA SUBLIMIT 1 – SHORT DURATION
859 -- KISAN SUVIDHA – SUB LIMIT II
896 -- KISAN SUVIDHA – SUB LIMIT LONG DURATION
276 -- KISAN SUVIDHA – OD/OCC

Purpose : Investment and Development credit needs also considered besides working capital requirements.

Card Validity : Five years subject to annual review

A separate loan a/c is to be opened for each term loan under the sub limit.

Processing charges for working capital portion is collected upfront. Processing charges for sub limit II has to be collected only at the time of disbursement. BRINSP - 4008 / 4009

IX . 19. Kisan Tatkal

858 -- KISAN TATKAL

a. **Instant credit facility available- only to existing KCCS holders whose cards are valid and accounts regular. BRINSP - 1002 / 1004 / 1301**

b. **Should not be granted for purposes which are already financed under KCC / Kisan suvidha / Canara Kisan OD etc., BRINSP - 1301**

c. **Minimum 1000/- Maximum 50000/- subject to 50% of KCCS limit and shall not exceed 25% of estimated annual income. BRINSP - 1301**

d. **Disbursement routed only through SB account. BRINSP - 1301**

IX .20. Krishi Mitra Card Scheme

876 – KRISHI MITRA CREDIT CARD SCHEME
899 – KRISHI MITRA CARD SCHEME REVOLVING

a. **Scheme for individual tenant farmers, and farmers without proper land records.**

b. **Limit is extended either as a revolving one or as a single transaction subject to maximum of Rs.50000/-**

c. **Total limit should not exceed 50% of value of the produce.**

d. **Crop cultivation expenses should be at least 50% of total limit.**

e. **Documentation as per 38.10 page 227 of MOI on AF updated till 31-05-07. BRINSP - 1201**

f. **Loans granted for crop production purposes are to be covered under RKBY.**

g. **Tenability 3 years for running limit subject to annual review. BRINSP - 1336**

h. **For single transactions the limit is to be repaid in 5 years.**

i. **Collection of processing and inspection charges waived.**
j. Simplified procedure for extending loans under KRISHI MITHRA CARD SCHEME (CIR NO.252/08).

IX . 21 . ADVANCES AGAINST GOLD ORNAMENTS :

788 – AL GOLD LOAN
805 – AL GOLD LOAN MONTHLY
842 – AL GOLD LOAN
269 – GLOD

Check whether –

01 purpose, scale of finance, quantum, repayment, ROI, PI etc., are as per guidelines. **BRINSP - 3112**

02 Per party limit restricted to Rs.3 lakhs and reappraisal of jewellary reappraised within 2 days for loans exceeding Rs.2 lakh. (HO Cir no.331/08) BRINSP - 1301

03 Non /delayed reappraisal reported as irregularity . BRINSP - 1301

04 Maintenance of Regular SB for loan amount beyond Rs.20000 and cansaral / regular SB for loan amount beyond Rs.10000 and upto Rs.20000 ensured. BRINSP - 1301

05 securities are held loan-wise in separate packets and recorded in the inward register for loan papers.

06 the total number of GL packets in double lock tally with the total number of loans outstanding.

07 physical verification of gold loan is done periodically and certified by the key holders.

08 jewels remaining with the Branch after the relative loan is closed are handled as per guidelines i.e., pocketed, sealed with wax and bank's monogram affixed on the packet and the particulars of the same are entered in safe custody register and a reference is made in the gold loan register.

09 acknowledgement from the borrower is obtained in the concerned ledger folio or in separate register in the case of computerized branches when the ornaments are released. (Gold Loan pledge and redemption Register should be maintained by computerized branches).

10 branch has adhered to precautions / procedures stipulated for release of securities to the borrowers/third parties, auctioning of jewels etc.

11 the loans are properly followed up and details thereof noted in the register.

12 the appointment of the jewel appraiser has been permitted ,

13 necessary agreement on requisite stamp paper has been obtained

14 prescribed cash security of Rs.10000/- obtained has been kept in the form of KDR in the name of the appraiser, duly discharged. (maturity proceeds of KDR along with accrued interest is to be renewed).

15 appraisal fee at appropriate rates has been recovered from the borrowers.

16 the following have been ensured in case of overdraft facilities granted to agriculturists against gold jewellery

a. Cultivation of more than one crop except crops like tea, rubber, areca nut etc, during a year.

b. Not having any liabilities with other financial institutions (however for loanees of L D Bs loan upto a limit of Rs.50000/- coffee crop and Rs. 25000/- in case of other crops can be considered after obtaining `No Objection Certificate').

c. Not to extend cheque book facility except to planters whose accounts are Standard Assets.

d. Transgression is not permitted beyond the limit except for the debit of interest.

ENSURE THE FOLLOWING

1. reappraisal of Gold Loan accounts during regular inspection.

2. attach a list of overdue accounts and accounts where the value of security is less than the liability

3. checking of securities held as per norms with regard to items, description, gross weight, appraised value (specify GL Nos .).

4. TDS on GL appraisal fee (HO Cir no.106/2009).

LOANS AGAINST GOLD JEWELLERY FOR AGRICULTURE PURPOSE – OPERATIONAL GUIDELINES:- (HO cir no.91/2009).

- Branch to additionally take two references from persons good repute and acceptable to the Bank for new appraiser/s to be engaged.
- Enhancement in the security deposit from Rs.5000/- to Rs.10000/- and granting a time of 3 months in case of existing appraisers to bring in the additional cash security.

- <u>Revision in the rate / ceilings of appraisal / reappraisal charges wef 01-04-2009.</u>

IX . 22. Scheme for providing credit for tenant and oral lessees for raising crops through joint liability groups (JLGs)

812 – JLG OF TENANT FARMERS

a. Scheme to provide crop loans through institutional agency to tenant farmers/oral lessees etc.,

b. Loan will be channeled through Joint liability groups.

c. JLG works on the principles of SHGs, the scheme is a credit product rather than a thrift product.

d. Loan quantum limited to Rs.50000/- per member and shall not exceed Rs. 5 lakhs per group.

e. Delegation of powers for sanctioning is as applicable to loans and advances to SHGs. BRINSP - 3102

f. Loans given to JLCs to be treated as clean advance and classified as Direct Agriculture.

g. Branches to operate within the exposure limit fixed by CO/RO. BRINSP - 3102

h. Loan should be covered under RKBY in case of notified crops in notified areas.

IX.23. Produce loans

782 -- PRODUCE LOAN
844 -- PRODUCE LOAN

a. Produce loans are granted to farmers to keep their produce in an approved godown or warehouse or in farmers residence

b. Maximum loan amount permissible is Rs.10 lakhs.

c. Loans are to be cleared within a period of 12 months from date of grant.

d. Provisions of selective credit control directives issued by RBI should be complied with.

e. Insurance should be obtained for full value of produce pledged.

IX . 24. Scheme of Debt swapping for farmers from non-institutional sources (HO Cir 147/08 dated 20-06-08)

846 – SCEHME FOR DEBT REDEMPTION OF FARMERS

A Loan quantum: 150% of gross annual income subject to maximum of Rs.50000/- **BRINSP - 1301**

b. Loan would be sanctioned only if it is sufficient to clear the entire dues outstanding from non institutional sources.

c. Co obligation of the spouse / adult children of the borrower is to be obtained in addition to collateral security as applicable.

d. Loan is to be disbursed directly to the non institutional lenders and receipts /discharge /cancelled loan documents to be obtained.

e. Loan to be classified under direct agriculture.

f. For details of earlier scheme refer Chapter 44 of MOI on AF updated till 31-05-07.

IX.25. Agricultural Loans to Employees of our Bank and NNND Agents

a. Loans can be granted for development/cultivation purposes and purchase of farm machinery.

b. Loans should not be given for allied activities and for construction of houses.

c. Landed property which employee owns should have been inherited and not acquired.

d. Loan proposal should be sanctioned by Divisional Manager of Circle Office.

e. For NNND Agents commission income should be reckoned to determine the repaying capacity. However loan can be considered at Branch level.

IX. 26. Hi-Tech Agriculture

Hi-Tech Agriculture, which is generally capital intensive provides economically useful and viable alternatives for increasing the productivity to

meet the demands of growing population and also to exploit the emerging world market. The fields such as Bio Technology, Floriculture, Mushroom, Aquaculture etc., are identified as the areas of Hi-Tech Agriculture. Term loan / working capital or both provided depending upon the need/nature of activity. (Refer for details Chapter 32 of MOI on AF updated till 31-05-07)

IX . 27. INDIRECT FINANCE THROUGH CO-OPERATIVE SOCIETIES

817 – LOANS THROUGH PACS/FSS/LAMPS
268 - CLEAN OD

Check whether -

01 the borrowing powers of the Society are as per rules

02 byelaws, resolution of Managing Committee recommending loans to members, etc. have been perused and are in order

03 normal credit statements, withdrawal statements and disbursement statements are submitted by the Society incorporating necessary details

04 there are any instances of disbursements to defaulters under earlier loan

05 the loan papers from borrowers in favour of Society (test check) and by society in favour of the Bank (cent percent check) obtained are in order

06 the Society has obtained all relevant documents from the member borrowers (test check)

07 a) the branch has conducted periodical inspection of Books of the Society

b) the branch has adequate control over the affairs of the Society

c) the society has maintained proper books / registers & books of accounts

VISIT THE SOCIETIES AND REPORT ADVERSE FEATURES, IF ANY

08 the branch has conducted pre-sanction visits at random and village wise follow up, post-sanction inspection of at least 25% of member-borrowers of the Society (production credit

09 a) the society has collected the margin money from its borrowers ,in case of medium term loans for development purpose / subsidiary occupation,

b) the branch had undertaken pre-sanction visits to all borrowers in case of PACS and at random in case of FSCS

c) the Society has made direct payment to suppliers / vendors against invoice / stamped receipt

10 a) produce loans are granted to Societies as Extended Crop Loan in respect of produce for which production finance had been extended earlier

b) the loan amount per borrower is within the stipulated limit or earlier crop loan, whichever is less

c) separate limit per Society for this purpose has been fixed by CO

d) the loan proceeds are appropriated towards relative crop loan of the Society

e) the produce loans are cleared within three months or as stipulated in the sanction

11 our normal procedure in respect of OCC / KCC / PL are followed , in case of such limits granted to Societies,

12 amount recovered from the members is being promptly remitted for the credit of the respective loan accounts with the Bank (COMMENT ON THE RECOVERY PERFORMANCE OF THE SOCIETY)

13 a) the branch has obtained AOD from the Society once in two years

b) the Society has taken prompt action for recovery, issue of notice, filing EP etc.

IX . 28. SCHEME FOR FINANCING AGRI CLINICS & AGRI BUSINESS CENTRES

791 – SETTING AGRI CLINICS/BUSINESS - MONTHLY
831 - SETTING AGRI CLINICS/BUSINESS CENTRES
875 - SETTING AGRI CLINICS/BUSINESS CENTRES

Verify whether the financing is as per norms of the scheme, salient features of which, are given below

Purpose:

a) Agri clinics to provide expert services and advice to farmers, clinical services for animal health etc. which would enhance productivity of crops/animals.

b) Agri business centres to provide input supply, farm equipments on hire and other services.

Eligibility : Agri Graduates/graduates in subjects allied to agriculture **trained under ACABC scheme**. **BRINSP - 3020**

Quantum: Outer ceiling of Rs.10 lacs for individuals and Rs.50 lacs for partnership firm/group.

Margin: **Upto 5 lakhs NIL. Above 5 lakhs**: 15 to 25% of project cost (average DSCR should be 1.75 and above) **BRINSP - 3060**

Whether capital subsidy and interest subsidy claim made and received (Ref HO cir 71/07 dated 09-03-07).

Security, Insurance, ROI, Penal Interest, aggregation for determining ROI, periodicity of debiting interest are as applicable to Agriculture Loans under priority. Applications, appraisal & documentation are as applicable to General Advances – P & SE. **BRINSP - 1302 / 1303 /1312 /1201**

Processing charges waived as per HO cir 145/07.

IX . 29. LIMITS TO COMMISSION AGENTS

278 – LOAN- COM AGENT /FERT DEALER- BOOK DEBTS

Check whether the financing is in conformity with the guidelines, some of which, are as follows:

a) limit can be sanctioned against book debts towards supply of agricultural inputs to farmers

b) maximum amount : as advised from time to time (at present, Rs.ten lakhs)

c) margin : as advised from time to time (at present, 30 to 40 %) **BRINSP - 1003**

d) security : collateral security of land & building for limits up to Rs. five lakhs and collateral security of land and building not less than 150 % of the amount , for limits above Rs. five lakhs **BRINSP - 1302**

NOTE : AGE OF THE DEBTS SHOULD NOT EXCEED SIX MONTHS :

IX.30. CAPITAL INVESTMENT SUBSIDY SCHEME FOR RURAL GODOWN

790 – LOAN FOR RURAL GODOWN - MONTHLY
834 – LOAN FOR RURAL GODOWN
887 – LOAN FOR RURAL GODOWN

Check whether the financing is in accordance with norms of the scheme, salient features of which, are given below

a) term loans for construction of rural godowns and allied facilities viz., agriclinics, weighing, grading, packaging etc *b) backended subsidy from GOI will be routed through NABARD*

c) to be classified under priority – Indirect Finance to agriculture

d) margin 20 to 50 (depending on category of borrower and location of godowns) **BRINSP - 1003**

e) documentation as applicable to Farm Development loans. **BRINSP - 1201**

f) ROI for allied facilities is as applicable to priority agriculture term loans and ROI for construction of godown is linked to BPLR. **BRINSP - 4012**

IX . 31. General Credit Card Scheme –GCCS

898 – GENERAL CREDIT CARD SCHEME – REVOLVING

a. **Rural and semi urban house holds are only eligible irrespective of activity and income level. BRINSP - 1004**

b. **Loan to be sanctioned in the name of individuals only BRINSP - 1301**

c. **Loan quantum : 50% of net annual income of the household subject to maximum of Rs.25000/- in the form of running limit only.**

d. **Tenability: 3 years with annual review. BRINSP - 1336**

e. **Not more than one loan under GCCS to be sanctioned for same family. BRINSP - 1301**

f. **50% outstanding under GCCS to be reported in PSR as indirect agriculture and balance 50% as non priority.**

g. **Only rural and semi urban branches to implement the scheme.**

h. **Purchase of bicycles can be permitted as one of the measures of Financial inclusion in rural branches(H.O. Cir.224/06)**

IX . 32 . Loan scheme for financing Food and Agro processing units

a. **No ceiling on quantum of finance. Margin 15 to 25% for loans above Rs.50000/-. Upto 50000/- margin Nil. BRINSP - 1003**

b. The respective sanctioning authority may permit to take over from other FI upto his/her delegated powers. BRINSP - 3102

c. All term loan proposals of Rs.100 lakhs and above in respect of new parties and Rs.200 lakhs and above in respect of existing parties should be apprised by PFD/PAC/ACS BRINSP - 1301

d. ROI- units eligible for classification under direct/indirect agriculture- rates applicable to agricultural advances.

For all other cases ROI as applicable to Non priority Industrial advances.
(For more details refer chapter 41 of MOI on AF updated till 31-05-2007)

IX . 33. Estate purchase loans

792 – ESTATE PURCHASE LOAN
843 – ESTATE PURCHASE LOAN

a. The Branches do not have powers to sanction estate purchase loans. BRINSP - 3102

b. Loan amount to be disbursed by way of DD directly to vendor at the time of registration.

c. On receipt of original sale deed mortgage transaction to be put through and DPN should be got closed by EPL proceeds.

IX . 34 . RURAL CLINIC SERVICE

Check whether the financing is in conformity with norms of the scheme
(salient features of the scheme are given below)

SCHEME - I : to set up Regular - full time - Clinic

Incentive: Rs.3000/- per month for a period of one year.
Grant of Rs.1500/- per month for one year.

SCHEME - II : to set up part-time clinic

Incentive : Rs.1250/- per month for one year.
Grant of Rs.750/- per month for one year.

IX . 35. SWAROJGAR CREDIT CARD SCHEME

735 – SWARJOGAR CREDIT CARD SCHEME
265 - OD/OCC SWAROJGAR CREDIT CARD SCHEME

Check whether the financing is as per scheme norms, salient features of which, are given below

a) scheme evolved by NABARD to provide hassle fee credit facility to handloom weavers, rickshaw owners, small artisans, fisherman etc

b) to provide investment credit (WC / TL) with reasonable component for consumption needs.

c) Card is valid for five years (to be renewed annually based on amount credited to cash credit account / repayment under Term Loan)

d) ROI, Margin, security insurance, application, documentation and NPA norms are as applicable to agriculture loans.

CLOSURE / WITHDRAWAL OF SCHEMES UNDER AGRICULTURE CREDIT – HO CIR NO.369/2008.

1. ALOD for production of crops.
2. FBS – Farmers Benefit Scheme.
3. SPAC – Special Purpose Agriculture Credit.
4. OCC for horticulture nurseries.
5. FGCS – Farmers Green Card Scheme.
6. ALDPN.
7. Canproduce Scheme under MOU with M/s.NCMSL.

RETAIL LENDING SCHEMES

X. 01 . GENERAL

CHECK WHETHER -

1. Appropriate applications and papers have been obtained **BRINSP 1201**

   Revised forms w e f 1 4 2005 (**CIR 74/05**)

- NF 964 - Application for HL/HIL/Canrent/Canmortgage
- NF 965 - All others (excluding Doctor's choice and Traders Finance)
- NF 966 - Rating Sheet- for canara pension , canara trade, canara rent and canara mortgage **BRINSP 3009**

  NF 990- rating sheet for other retail lending schemes (**CIR 112/07**) **BRINSP 3009**

- NF 967 - Certificate of Compliance (in place of NF 482) **BRINSP 3002**
  (NF 589 & 546 need not be obtained)

2. Appraisal, sanction, documentation and collection of interest and processing charges (wherever applicable) are as per guidelines. **BRINSP 1012**

3. Concession in rate of interest, or relaxation in eligibility criteria / obtention of documents / other norms has been permitted by appropriate authority

4. Separate credit report cum loan application inwarding register(NB179) is maintained, and, submitted to CO for review, along with copy of credit reports for loans above RS. five lakhs (other than loans sanctioned under EL scheme . For EL RS 1 lac.)

5) The marks scored as per rating sheet NF 990 is not less than 70 % to be eligible for loan. <u>Modifications for Rating Sheet (HO Cir no.360/2008).</u> **BRINSP 3009**

6) Procedure as per **CIR 148/07** is followed whenever there is revision in ROI **BRINSP 3201**

7) Procedure as per **CIR 183/2002** is followed in respect of PDC s **BRINSP 1218**

8) Credit Information Report from CIBIL is obtained for all retail loans of Rs 2 lacs and above under priority sector and Rs 1 lac and above under non priority sector **(Ref CIR 238/08 for exempted categories)**

9) Modified documentation as **CIR 276/2007** is obtained for clean loans sanctioned under retail lending schemes **BRINSP 1201**

X . 02 . HOUSING FINANCE SCHEME (PROD CODE : 664)
(REF CIR 05/2008 & 241/08 FOR LATEST GUIDELINES)

e) For undertaking repairs, renovation, upgradation, creation of additional amenities subject to the monetary ceilings stipulated (presently, the ceiling stipulated is 75% of the cost with a maximum of Rs.7.50 lakhs in all areas).

CHECK WHETHER

- the eligibility conditions are complied **BRINSP 1012**
- `the quantum of loan and margin (25 %) is arrived as per guidelines **BRINSP 1003**
- the conditions for minimum NTH of 40 % is complied (circle head can relax upto 25 %) **BRINSP 1012**
- proof of income submitted is cross verified for its veracity by personally visiting the salary disbursement authority by the branch

official and remarked in the CR(manager can satisfy the same but to be recorded in the CR)**BRINSP 1002**

- bank pass sheet for the last 6 months are obtained and verified
- approval of the name of the builder from circle head is available in case of purchase of house/flat from a builder

Check whether –

1) The Disbursements are made in stages and are in tune with the progress of construction as per plan/ estimate. **BRINSP 1317**
2) Photo of the building / flat under construction are obtained at each stage of construction and countersigned by branch official who has visited the site with DATE SEAL. **BRINSP 1317**
3) The site inspection is done on a rotation basis by the branch officials at each stage of construction **BRINSP 1317**
4) The work completion certificate issued by the builder is countersigned by the architect at each stage of disbursement **BRINSP 1317,1318**
5) Bills/ vouchers are submitted at the time each disbursement or demand from builder giving details and stamped receipt is obtained **BRINSP 1251**
6) EMT guidelines are followed as per norms.
7) Additional rate of interest of 0.25 % is charged for acquiring second house by the borrower.
8) Guidelines as per **CIR 5/08** are followed where Extension of repayment period is permitted for existing loans.(the maximum age within which the loan to be repaid is 70 yrs)
9) AODs are obtained as per norms (**CIR 89/07**) **BRINSP 1242**
10) Documentation in NF 981 & NF 982 as per **CIR 332/2006** is obtained **BRINSP 1201**
11) Additional documentation to eliminate financing against unauthorized constructions is obtained as per **CIR 333/2006 BRINSP 1201**

X . 02. A : HOUSING LOAN TO NRIs (PROD CODE :662)

The guidelines applicable to Residents under Housing Finance Scheme are also equally applicable to H.Ls to be permitted to NRIs. Besides, the following aspects should also be ensured.

i) Applicant should be a Non-Resident Indian, holding Indian Passport.

ii) Persons of Indian origin and foreign nationality are not eligible.

iii) Loan should be for the purpose of acquisition of a house/Flat for residential purpose of the NRI on return to India and not for any other purposes.

iv) No clearance from RBI is necessary where NRI is the Principal borrower with resident close relative as the co-obligant/guarantor or the law is owned jointly by the NRI borrower with resident's close relative.

v) The margin should be received by way of foreign inward remittance or out of NRE/FCNR/NRO Accounts in India.

vi) The repayment of principal and interest and other charges should come from inward remittance through normal banking channel or out of funds in his/her NRE/ FCNR/NRO accounts in India. If the house/flat is rented out, entire rental income is to be arranged to be credited to loan account, even if it is more than the stipulated EMI. In case the rental is less than the EMI stipulated, the borrower should arrange for making good the shortfall in the manner stated above.

Note: *Borrower's close relatives in India are also permitted to repay instalments/interest/other charges through their Bank account directly to loan account.*

vii) Security is by way of mortgage of property. Bank may also insist for additional collateral security.

OTHER RETAIL LENDING SCHEMES

Check whether norms for eligibility , margin , security, repayment, ROI , sanction, documentation , Processing charges and disbursement are as per the scheme guidelines

X . 04 . CANARA CASH (PROD CODE : 602)

Check whether –

- the financing branch is an identified branch for granting loans against shares as per CIR 179/2007.
- units coming under tax saving equity schemes are financed

a) Loans granted are against approved shares/debentures/bonds/Units of UTI etc and Canbank Mutual Fund and the borrowers are well introduced, credit-worthy and respectable ?

b) Loans/advances can be granted against securities standing in the names of third parties. Such third party should however be a close relative i.e., spouse, father, mother (including step mother), son (step son), son's wife, daughter (step daughter), daughter's husband, brother (step brother), brother's wife, sister, (step sister), sister's husband, brother (including step brother) of the spouse, sister, (including step sister) of the spouse).

c) Non-residents and employees of our Bank are not eligible under this scheme. However loans can be granted to spouse of our employee working in some other organisation on the co-obligation/guarantee of our employees by next higher authority.

d) Quantum - Not exceeding Rs.5.00 lakhs per individual. In the case of Demat shares upto Rs 20 lacs.

e) Margin - (i) 50% on the market value of shares, and debentures, 30% in the case of PSU bonds.
(ii) 50% on the NAV or the market value (whichever is less) on units of UTI/CBMF.

f) Processing charges - as per norms.

g) Repayment - Single transaction loans repayable a period of 60 months or OD limits can be considered. However it should be ensured that the liability does not outstand beyond the maturity date of units if any. In case repayment is fixed in instalments the same may be fixed as per the EMI chart.

h) Substitution/part release of the securities may be permitted for not more than 10 times during the currency of the loan. Appropriate fee is collected. Also letter in NF 850 is to be obtained.

i) Co-obligation/guarantee may be stipulated/ waived by the Sanctioning Authority.

j) Any relaxation in eligibility criteria/terms/conditions other than ROI/margin and those which fall under RBI guidelines may be permitted by the next higher authorities.

k) In cases where loans are granted against third party security, AOD/AOS are to be obtained as per rules.

X . 05 . CANARA MOBILE (PROD CODE : 603)

1) .For two wheelers eligibility, quantum and processing charges as per Cancarry scheme (scheme since discontinued) BRINSP 1012
2) Loans granted are under fixed rate of interest only. Fixed rate to be reset at every 3 years (Ref Cir 40//2008)
3) Separate hypothecation agreement NF 928 is obtained or existing NF 722 incorporating additional clause as per Cir 137/2001 obtained. BRINSP 1201
4) The loan granted for purchase of second vehicle is as per guidelines.
5) Staff members and NRI s are not eligible
6) Branch have no powers to sanction second loan during the pendency of 1st loan

X . 06 . CANARA PENSION: (PROD CODE :607)

check whether -

a) any loan has been granted to pensioners who are already having any clean loan liability. BRINSP 1012
b) loans are within the normal delegated powers of the branch to sanction clean loans.
c) particulars of loan has been noted in the pension register
d) irrevocable mandate has been obtained as per manual of RL

X . 07 . CANARA MORTGAGE (PROD CODE : 605)

Check whether -

1. The loans is considered for genuine needs of the borrower against the security of the EMT ? (not for speculative purposes).
2. the property to be financed is in the place where the loan is availed

2. Quantum, margin, eligibility, ROI are as per scheme BRINSP 1012

3. Valuation of property is done by our banks approved valuer ? Whether the inspection of the property (proposed to be mortgaged) are being carried out by the branch. BRINSP 1227,1226

4. LSR is approved as per the guidelines BRINSP 1225

5. EMT has been created before disbursement of the loan ?

6. Personal guarantee is specifically waived by the sanctioning authority or is obtained wherever stipulated ?

7. The branch has ensured about the availability of adequate cash flow for servicing the periodical instalments? Verify the proof of income namely ITAO, salary certificate etc., BRINSP 1010

8. In case the property of the close relatives of the borrower is accepted, whether the owner of the property is made as co-borrower/guarantor of the loan ?

9. The loans is classified as non-priority.

10. Overdues in Can mortgage loan accounts have been reported.

11. Sanction is accorded by Circle Head and above only

X . 08 . CANARA RENT (PROD CODE: 606)

(Financing against rent receivables)

CHECK WHETHER -

1. The purpose, eligibility, quantum, margin, ROI of the loan are as per scheme. BRINSP 1012

2. Inspection of the property let out/to be let out has been carried out by the branch before disbursement of loan. BRINSP 1227

3. The guidelines relating to inspection of property (both leased/proposed to be mortgaged) establishing its clear and marketable title based on LSR, its valuation by our approved valuer who should be qualified Chartered Engineer, creation of EMT thereon etc., are strictly adhered to by the Branch. BRINSP 1226,1227.

4. Tripartite agreement or notarized power of attorney has been obtained and whether lease deed has been registered, wherever stipulated.

5. The existing guidelines for documentation and creation of mortgage are adhered to.

X . 09 . CANARA BUDGET (PROD CODE : 626)

(REF CIR 184/08)

EXISTING CANBUDGET , CANTRAVEL AND CANTECH SCHEMES ARE MERGED WITH CANARA BUDGET SCHEME

CHECK WHETHER:

1. The borrower is a confirmed employee BRINSP 1012
2. Minimum NTH salary is 40% after meeting the EMI BRINSP 1012
3. NTH salary after meeting the EMI is not less than Rs 7500 wherever salary account is maintained and Rs 10000 wherever salary mandate is obtained.
4. Pass sheets of the bank account for the past six months are verified wherever PDCs are obtained. BRINSP 1218
5. Suitable coobligant is obtained BRINSP 1302
6. The branch has assessed the repayment capacity of the borrower by calling for information about other liabilities (clean as well as secured) ? If the party is already having clean liabilities, it must be ensured that the total

of all clean loans outstanding at any point of time do not exceed the total eligible quantum under this Scheme.

7.. The applicant is dealing with our Bank or applicant's salary is credited to the account with us? Whether mandate from borrower for deducting instalment from salary and remitting the same directly to bank is lodged with the employer and copy available BRINSP 1216,1217.

8. Non – salaried class also eligible for loan under this scheme (HO Cir no.316/2008).

X . 10 . LOANS TO TEACHERS (PRODUCT CODE : 609)

(REF CIR 185/08 FOR LATEST GUIDELINES)

CHECK WHETHER

1. Scheme guidelines are followed as per norms BRINSP 1012
2. loans are granted to **confirmed regular** teaching staff/non teaching staff whose salary is credited to the financing branch
3. undertaking from the educational institution is obtained not to shift the salary account without NOC from the branch
4. repayments are by salary deduction or through salary account (PDCs/ cash remittance should not be accepted for repayment)
5. letter from the branch addressed to the salary disbursing authority requesting them to inform the branch in case of termination/transfer etc is available
6. NTH after after meeting the proposed EMI is 30 % of gross pay.
7. maximum repayment period permitted is 48 months.
8. suitable coobligation is obtained
9. any other clean loans are permitted to the same borrower **against norms**
   (can be permitted by DGM of circle)

X . 11 . EDUCATION LOANS (PROD CODE :651)

(REF CIR 107/2008 & 135/2009)

CHECK WHETHER :

1) Capitation fee loans are granted under Education Loans **which is prohibited**

2) Are the stipulations regarding eligibility , quantum , margin, security, repayment holiday, repayment period and other conditions stipulated from time to time complied with(**CIR 107/08**) **BRINSP 1012**
3) Security, margin, repayment capacity is reckoned as family as a unit in case of more than one loan is granted to the different members of the same family.
4) Loan quantum for caution deposit is restricted to 10 % of the total tuition fee of the entire course.
5) Loan facility is extended to students pursuing their studies in affiliated universities/ autonomous colleges **ONLY** (others can be permitted by AGM at RO/CO)
6) Joint documents are obtained either from spouse / parent/ parents in law in respect of married persons..**BRINSP 1201**
7) Coobligation of employees' is obtained in respect of loans to close relatives of employees. **BRINSP 1302**
8) Loans are granted to borrowers residing near the branch.
9) Security and margin norms are adhered in case of **top up loans as per CIR 107/08 BRINSP 1302,1003**
10) In respect of loans for studies abroad, security stipulations are complied with, when loan has been considered for the eligible courses as per **CIR 107/08 BRINSP 1302**
11) Where the student is a minor :
    a) Is the loan granted only to the parent/guardian and undertaking letter obtained from the minor on attaining majority ?
12) Bank guarantee issued under Educational Loan Scheme is as per the terms of the scheme.
13) Repayment holiday, repayment period and commencement of repayment are correctly stipulated.
14) Mode of charging interest during repayment holiday and afterwards is as per norms.
15) Yearly progress reports/ course completion certificate/ employment details are obtained. **BRINSP 1315,1316**
16) Repayment of loan is postponed till the date of completion of higher course when no loan has been availed for higher studies.
17) Necessary permission has been obtained from Circle Head in case of modifications/relaxations in security norms.
18) In case of Rural/Semi-Urban Branches, whether Service Area norms have been adhered to while financing ELs?
19) Upfront fee is collected in the form of refundable deposit in case of studies abroad. **BRINSP 4009**
20) EMI amount is informed to the borrower immediately on completion of the course **BRINSP 1319**
21) Branch has submitted confirmation as at December to RO/CO adhering to the guidelines as per **CIR 255/04 & 328/07.**
22) <u>Degree / Diploma courses in Teachers' Training course / Nursing course / B.Ed., course (Cir no.300/2008).</u>

MODIFICATIONS / RELAXATIONS IN EDUCATION LOAN SCHEME GUIDELINES (HO CIR NO.135/2009) (HO Cir 300/08 B.Ed)

1. Extension of existing 1% consession in Rate of interest for Educational loan to girl students up to 30-06-2010 and only 0.50% from 01-07-2010.
2. Acceptence of tangible collateral securities for loans above Rs.4 lakhs up to Rs.7.50 lakhs in lieu of third party guarantee where the student / parent is unable to bring third party guarantee.
3. Permission to accaept grand parents as joint borrower where the student is unable to bring the parents as a co-borrower for acceptable reasons subject to proper assessment of grand parents and availability of tangible collateral securities with stipulated margin to fully cosdver the loan amount for loans above Rs.4.00 lacs.
4. Permission tio consider education loans to students who have secured admission to approved courses under "Management Quota".
5. Permission to branches to accept admiossion advice received from College / Institution for approved courses for considering Education Loans, without insisting for meritorious marks in the qualifying examination provided the candidate had been declared as passed in the qualifying examination required for seeking admission to the approved courses.

X . 12 . SWARNA LOAN - GOLD LOANS (NON PRIORITY)
(PROD CODE: 608)

REF CIR 84/2007

CHECK WHETHER

1. Norms for eligibility, margin, security , rate of advance , purpose and repayment terms are complied as per scheme guidelines. BRINSP 1012
2. loans are granted by designated branches only.
3. rate of advance per gram of gold is as applicable to agricultural gold loans
4. loans are granted against gold coin/ bullion against norms.

X.. 13 . HOME IMPROVEMENT LOAN (PROD CODE : 618)

CHECK WHETHER :

1) Loan amount is restricted to Rs 2 Lacs. (higher quantum by RO/CO)
2) Suitable coobligation is obtained besides hypothecation of assets created out of the loan. BRINSP 1302
3) ROI charged is as per the cancarry scheme if the loan is availed independently with out availing HL from us.
4) The advance is classified as non priority.

X . 14 . CANARA SOLAR : (Revised guidelines) PROD CODE : 623
(Cir 82/07)

- All branches are now designated to grant loans under the scheme, and without any ceiling on the capacity.
- BIS approved Flat Plate Collector based systems and MNES approved Evacuated Tube Collector based systems can be financed.
- Interest subsidy (difference between BPLR and ROI charged to loan) should be claimed through Circle Office on a quarterly basis. BRINSP 3013.
- List of approved manufacturers – Solar Water Heaters (Cir no.311/08).

Note: IOs should verify correctness and adjustments of interest subsidy in addition to other aspects as per norms.

X . 15. CANARA TRADE (PROD CODE: 621)
(REF CIR 357/2005 , 307/2006 & 59/07)
CHECK WHETHER -

1. All the eligibility conditions, margin , quantum, security are complied as per scheme guidelines. BRINSP 1012
2. Valuation of property is taken once in year BRINSP 1226
3. Quarterly monitoring format is submitted for review.(REF CIR 273/06)
4. Simplified stock statements are submitted once in six months (march & September) as per enclosure to CIR 357/2005 BRINSP 1322
5. Stock is inspected quarterly basis BRINSP 1323,1324,1325
6. The mortgaged property taken as collateral security is situated at the place of business
7. The entire turnover is passed through the account.
8 . Guidelines are followed while accepting third party security BRINSP 1238
9. Book Debts taken as security are not beyond 90 days
10. EMT guidelines are followed as per norms

CANARA SITE (PROD CODE :620)

(REF CIR 280/05)

CHECK WHETHER

1. Age of the borrower is not more than 55 years.
2. Net annual income is sufficient to meet the repayments
3. Loans are granted to confirmed employees whose NTH is 40 %

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CANARA MERCHANT CLEAN OVERDRAFT (PROD CODE :)

(REF CIR 170/2007)

`CHECK WHETHER:
1.Borrowers are having POSEDC machine supplied by our bank ONLY.
2. The eligible amount of loan is arrived properly as per norms **BRINSP 1012**
3. Quantum of loan is restricted to Rs 10 lacs in case of new customers
4. All credit card settlements are routed through the account
5 . Any overdrawing is permitted
6. Sanctions are made by GM , HO only.

CANARA GUIDE (PROD CODE: 624)

(REF CIR 159/07)

CHECK WHETHER :

- Borrower is trained by NIIT and is having TRP certificate **BRINSP 1012**
- Loan is granted for eligible purpose and the quantum is restricted to RS 60000
- Authorization letter by NIIT/ Govt agency favouring the bank for receiving the fee is obtained.

CANARA JEEVAN (PROD CODE : 625)

(REF CIR 20/08 & 175/2008, 9/2009)

CHECK WHETHER:

1) Loans are granted **to residents** owning house or flat in their name **BRINSP 1012**
2) Spouse is a joint borrower irrespective of title deed
3) First applicant is above 60 years old and the joint applicant is more than 55 years
4) Commercial property is taken as security against norms. **BRINSP 1302**
5) The quantum of loan is assessed depending upon the market value and residual life of the property as per norms
6) Option for periodical payments are interchanged against norms
7) Lumpsum payment is made to meet special requirements as per the scheme guidelines
8) Fixed rate of interest is charged and reset every 3 years.

9) Loan is granted for the eligible purposes
10) Valuation is obtained once in 3 years and revision in loan amount is made on the basis of reduction of value of the property **BRINSP 1226**
11) Sanction by circle head only
12) **All the properties taken as security to the loans under the scheme are compulsorily inspected by the IO**
13) Taxpaid receipt, ITAO and life certificate are obtained annually **BRINSP 1235**
14) IT clearance certificate is obtained before sanction of loan
15) Further ECs are obtained once in 3 years **BRINSP 1233**
16) Pension account is maintained with us in respect of pensioner borrowers
17) Foreclosure norms are applied in case of default
18) Documents as per annexure V is obtained and the will executed by the borrower in favour of the bank is registered **BRINSP 1201**

DISCONTINUED SCHEMES

CANCARRY
CANBUDGET,CANTRAVEL AND CANTECH SCHEMES MERGED INTO CANARA BUDGET
CANJEWEL DISCONTINUED WEF 21.04.08
CANVALUE DISCONTINUED WEF 12.07.08.
CANTOOLS (ADDENDUM TO CIR NO.288/08).
CANMAHILA LOAN SCHEME (HO CIR NO.291/08).

XI . INLAND BILLS PURCHASED & DISCOUNTED

XI . A . GENERAL CHECKLIST

Check whether -

1) Proper documents have been obtained and Certificate of Loan Papers has been prepared. **(BRINSP – 1201,1207)**

* 2) Whether proper sanction of credit limit is available and the limit is in force at the time of discount of instruments to be verified. **(BRINSP - 1301)**

3) Permission / ratification for transgression of the sanctioned limit has been obtained from appropriate authority. **(BRINSP - 3106)**

4) Appropriate margin as per Sanction terms has been maintained and only the net amount is debited to Bills Purchased. **(BRINSP – 3101,3102)**

5) Dishonored cheques / bills are recovered promptly and a distinct note made against the bill in the register/Master. If not recovered, verify whether dishonored instruments are held in double lock till amount is recovered.

6) Particulars of invoice / RR / LR etc and the particulars of realisation are duly noted in the DB register - verify the same with reference to relative realisation advice.

7) Prompt enquiries are made regarding payment/acceptance with the collecting branch / Bank.

8) Discounting of bills drawn on Branches / Head Office / allied concerns of borrower, if any, is permitted in the sanction.

9) There are any transactions which in your view are of accommodation nature (cite such instances with reason).

10) CHECK WHETHER :

i. There are instances of frequent return of bills drawn on a particular drawee.

ii. There are any long overdue bills – (If yes, give details).

iii. in respect of returned discounted cheques, interest on bill / Cheque amounts recovered from the party is 2 % above clean rate and from the date of purchase.

11) in case of delayed realisation, penal interest @ 2 % has been collected from 8th day in case of demand bills and from due date in case usance bills

* 12) It is to be ensured that appropriate processing charge is collected whenever there is undue delay in collection of proceeds (above 15 days in respect of clean bills and 30 days in respect of secured bills).

XI . B . CDB (Prod. Code :)

Check whether -

1) Particulars of cheques of Rs.2.00 lakhs and above purchased, are reported to RO/CO.

2) Interest, penal interest and commission collected are as per guidelines.

3) The branch has ensured the following in case of cheques drawn by employees are discounted:

   a) Advance is within the permitted limit.
   b) Authorisation letter is obtained while discounting.
   c) Salary is being credited at the drawee branch
   d) Local cheques are discounted only to the officials specifically permitted.

* 4) Instant credit facility upto Rs.15,000/- is extended to all eligible customers and not extended to the following ineligible parties /cases:

   i. minor's account
   ii. NRI's accounts
   iii. employees of our bank
   iv. self cheque, endorsed cheque, exchange company cheques.

* 5) Reason for non extension of Instant credit facility to be recorded in the OSC register.

XI . C . DACC

1) Are the limits against cheques to be/already sent in clearing granted are operated strictly in accordance with the safeguards enumerated in circulars issued from time to time.

2) Are such limits extended only within the delegated powers of the Branch fixed for discounting of instruments issued by Government Departments, PSUs, first rate Joint Stock Companies, Bank Draft, etc.

XI . D . SDB / BE / LSDB (Prod. Code :)

1) Is the branch obtaining invoices, along with the Bill, and LR / RR / Boat Note? Are there any instances of discount of bills accompanied by LR / RR / Boat Note after a lapse of unduly long period (more than 5 days) from the date of LR / RR / Boat Note

2) Where the bills are accompanied by Railway Receipt -

a) Are lien notices sent to railway authorities where the bill amount is more than Rs.5000/-.

b) If the destination happens to be a notified railway station has the consignor (customer) submitted application in form 1 to the Railways to issue intimation of arrival of goods to the Bank.

c) Has the Branch obtained instruction from the customer regarding disposal of goods in the event of non-retirement of the bills without the stipulated 7 days from the date of arrival of goods.

3) Verify whether LRs -

a) are issued by approved Transport Operators. Whether the transport operator is serving the routes and has an office at the place of destination with full address of such office.

b) in the new combined format containing inscription on the face "Carriers Risk/Owners Risk" and condition on the reverse reading as "If the Transport Operator does not delete one of the two inscriptions on the face of LR, this LR shall be deemed to have been issued at Carrier's risk only.

c) with "Carrier's Risk" clause only are accepted.

d) LRs to be consigned to Canara Bank, or in LR, Consignee should be Canara Bank

4) In the case of SDB, stamped indemnity letter (NF-468) has been obtained in addition to the usual documentation (NF-457).

5) In case of non-delivery of goods or injury to goods, whether branch has lodged complaints through Circle Office and has issued legal notice within six months from the date of knowledge of such injury/loss and whether suits have been filed within the limitation period, reckoned from the date when the loss or injury occurred or when the goods ought to have been delivered.

6) Whether penal interest on overdue bill has been collected as under:

a) In case of overdue inland usance bills - from the due date till realisation.

b) In the case of inland demand bills - from the date of expiry of transit period till realisation.

c) In the case of bills dishonored and ultimately returned by the drawee - from the date of discount till date of recovery.

d) In case of bills which are overdue but recovered from the drawer - from due date/expiry of transit period till date of recovery.

e) In the case of bills as above but are dishonored by the drawee - from the date of discount till the due date.

7) Where the bills are accompanied by Bill of Lading is the branch ensuring that the same is "clean", "Onboard" etc, consigned to order/bank

8) Whether amount of rebate/bill and other charges recovered before acting on instructions like allowing rebate, free of payment delivery etc.

9) Whether prior confirmation from the drawees for having accepted the hundies is obtained before discounting BEs beyond specified limits i.e., BEs over Rs.10.00 lakhs or where the aggregate of the bills to be discounted on a particular drawee is over Rs.10.00 lakhs ? In case of pre-accepted hundis, whether specimen signature of drawee duly attested by Drawee Bankers are available and verified by the Branch.

10) Are the LSDBs duly entered in security register and held under dual control in strong room / FBR safe ? Are the bills on hand tally with DB register ?

11) Check whether usance bills are adequately stamped.

XI . E . TRADE BILLS REDISCOUNTING SCHEME (Prod. Code :)

1) Whether branch is submitting POR-7 promptly ?

2) Whether BE/LBDs included in POR-7 conform to the requirements under the scheme ?

3) Whether guidelines/provisions such as -

a) In case of large borrowers, no fund based/Non-fund based facilities to be provided outside the consortium arrangement.

b) Bills financing should be part of the working capital facilities.

c) Only bills covering purchase of raw material/inventory for production purpose and sale of goods should be discounted. Should not discount accommodation bills.

d) Bills rediscounting should be restricted to usance bills held by other branches/Banks.

e) Whether branch is ensuring that bills tendered by borrowers covering their receivables such as transportation charges, job works, professional charges, etc., are not discounted?

4) Whether Branches are maintaining a register containing true and full particulars of Usance Bills in respect of each Promissory Note.

5) Are out of pocket expenses, interest and overdue interest collected correctly.

a) In case of parties enjoying regular limit when interest collected is on product basis, whether permission obtained. In such cases -

i) Separate note book is maintained for calculating overdue interest bill wise and overdue interest collected quarterly along with normal interest wherever applicable.

ii) Where bills are sent for collection to our branches whether products are suitably reduced in such a way, so that interest is collected upto the date of branch advice only.

b) In cases parties enjoying regular limits where interest is collected on a bill by bill basis and in respect of parties not enjoying regular limits.

i) Is the normal interest for transit period / usance period collected in advance.

ii) In case Cheques/DDs are realised within the Transit Period of 7 days, branches can consider the refund of differential Interest at the specific request of the party. However, for Demand Bills (other than cheques/DDs) specific cases for refund of interest should be referred to Circle Office.

iii) Overdue interest is collected bill wise wherever applicable.

c) Where the periodicity of collection of interest as above is relaxed, whether specific permission from Circle Office obtained.

d) Handling charges are collected correctly as per instructions issued from time to time.

e) LSDBs are realised within 21 days Overdue interest is to be collected beyond 21 days.

XI . F . SUPPLY BILLS (Prod. Code :)

1) Are sanction particulars noted in supply bills cum liability register ? In respect of branch sanctions whether credit facility is extended to supplies made to Government/Semi Government bodies or first rate joint stock companies only ? Whether the credit is arranged as per Sanction?

2) Are the certified copies of contracts, invoices in respect of supplies made obtained and filed properly ? Whether branch is ensuring that invoices relate to relevant contracts / purchase orders ? Where the bill amount is Rs.5 lakhs and above or purchase wise liability is Rs.5 lakhs and above, whether prior confirmation for receipt of goods is obtained from purchaser ?

3) Is the list of book debts obtained once a month and verified with the outstanding supply bills ?

4) Are the bills reviewed periodically and action taken to recover overdue bills ? Are there any overdue bills ? (Please attach a list of long overdue bills).

5) Is the margin as stipulated in the sanction maintained ?

6) Is irrevocable power of attorney on adequate stamp paper obtained and registered with the concerned Departments/Companies/Bodies etc. ? Whether the same is duly executed before a Magistrate or Notary public? Whether Letter of Authority from non-corporate borrowers is obtained in cases where

   i) The total working capital limits enjoyed by the party is Rs.10.00 lakhs or more and/or

   ii) The total outstanding book debt from any individual debtor is Rs.5.00 lakhs or more.

7) When the proceeds of bills are received directly by the borrower, whether such cheques/drafts are being tendered to the bank for appropriation to the relative bill/s ?

8) In respect of advances to Limited Companies, is our charge registered with Registrar of Companies?

9) Are particulars of returned bills duly noted in Bills Dishonored Register ?

XII . NON-FUND BASED BUSINESS

XII . 1 . INLAND LETTERS OF CREDIT (Prod. Code :)

OPENING / ISSUING BRANCH

Check whether -

1) a) appropriate sanction is available.

   b) sanctions are within the delegated powers (In case of unsecured LCs i.e., LCs without documents of title to goods or home delivery of goods, to be permitted only by DGM and above.)

   c) particulars of Sanction have been recorded / updated in the Register / System.

2) a) requisite loan papers have been obtained

   b) all LCs are supported by stamped agreements and applications.

   c) LCs have been issued as per terms of the application.

   d) amendments advised are supported by request.

   e) all LCs with DA terms are supported by stamped hypothecation agreement.

   f) hypothecation agreement has been obtained in case of transactions involving machinery, vehicles etc.

3) a) margin stipulated in the sanction is available

   b) details of cash margin are noted in a separate register and balanced on due dates .

   c) the margin has been refunded only after all Bills drawn under the LC are received and retired

4) a) protective clause , that the amount will be available only after the previous bills are paid , " has been is incorporated. in revolving LCs

   Also whether actual date of payment of bill by the openers conveyed to the negotiating Branch/Bank by letter/wire.

   Is the original LC forwarded directly to the beneficiary or though the negotiating branch / Bank.

   Are copies of amendments kept along with LC applications. Are all details of LC and its amendments are noted in the register.

5) Is stock of blank forms relating to issue of ILC/amendment kept with security items (CHAPTER V. 7g.12 of Inspection Report)

6) Whether any credit facility provided for bills received under LCs. Are the details of bills received properly recorded in the bills under ILC Register. Where such bills are accompanied by RR is a lien Notice sent to Railway authorities ?

7) In respect of devolved LCs, whether branch has maintained separate register / collected appropriate ROI/ Reported to Controlling Office. Whether AOD is obtained in respect of devolved LCs outstanding beyond 24 months.

8) Are the bills presented to opener promptly ? While negotiating bills under LCs, are the discrepancies pointed out by the negotiating branch or bank communicated to the buyers and instructions sought ? If the bills are not acceptable due to discrepancies, has the matter been conveyed to Negotiating Branch/Bank immediately ?

9) Where the bill is not honored by the drawee within 24 hours, whether the bill amount and other relative charges are reimbursed to Negotiating Branch /Bank by debiting the amount to operative account of party?

10) Is there proper follow up to recover the amount of bills paid to operative account ?

11) Are the bills held at the branch conform to the terms and conditions of the relative LCs ?

12) In respect of revolving LCs, is the actual date of payment of the bill by the openers conveyed to the Negotiating Branch/Bank by letter/wire as instructed ? Whether guidelineson Revolving LCs are followed, while extending such facility ?

13) Whether further opening of LC is done, even within the sanctioned limit, only after clearance of devolved liability ? However in case of parties having satisfactory track record, (ASCC S1 & S2) Government Departments, PSUs issuance of fresh LC on merits to the extent of recovery under devolved liability within the sanctioned limit may be permitted.

14) Whether signatures in the L/Cs established by other Banks are verified before discounting / negotiation of bills drawn there under by deputing (a) Officers / Managers, (b) through our branches, (c) through our nearest branch if the L/C issuing Bank is situated locally or outstation where we have branches/not have branches ?

15) Whether OPL on the beneficiary is obtained and found satisfactory ?

16) Whether branch has adhered to guidelines. Procedures to be followed between 15th September/15th March and last working day of the respective month of every year in respect of document negotiated/reimbursed provided under the LCs opened by another branch of our bank ?

17) Whether guidelines have been observed while opening LCs when devolved liability exist ?

18) Wherever LCs limits are extended to joint stock companies whether the charge on the hypothecation of goods have been registered with the ROC.

19) Ensure that the bills received under LCs have not been lodged under ISC.

* 20) It is to be ensured that liability in respect of expired LCs are reversed after 3 weeks from the date of expiry of LC. (cir.240/07)

NEGOTIATING BRANCH:

21) Are the bills negotiated entered in the respective LCs and balance available noted promptly ?

22) Is the total amount of bills negotiated within LC limit ?

23) Are the bills negotiated on or before the date of expiry of the LC ?

24) If paid under reserve, are indemnities obtained from the beneficiaries if they are our customers and from their bankers in other cases ?

25) Where bills are paid under Reserve whether the discrepancies communicated to the openers and instructions sought ?

26) Where the balance under LC is fully exhausted, is it collected and forwarded to opening branch ?

27) In respect of individual bills involving Rs.10 lakhs and above whether reporting to RO/CO done as per appendix 10 of the Bills purchased Manual ?

28) Whether charges as applicable to inward bills (ISC, IBC) collected on bills drawn under L/C which are received from other Banks for reimbursement, whether after negotiation or on collection basis ?

29) Verify whether the appropriate commission/interest is collected ?(as per cir.340/08 and other subsequent changes, if any.)

30) Whether the branch has placed the Note before the concerned authority to discount/negotiate Bills drawn under ILC and obtained orders from the concerned authority ?

XII . 2 . BANK GUARANTEES (Prod. Code :)

Check whether -

1) ***Application and sanction are available and sanction terms have been complied.***

2) Appropriate papers such as counter indemnity, resolution (in case of Limited companies), counter guarantee etc. been obtained as per systems and procedures

3) a) draft copy of Guarantee is approved wherever necessary (Formats other than given in appendix-I of Guarantee Manual). ***and signatures of the party has been obtained on such approved drafts.***

b) Registers and subsidiary are maintained as per guidelines.

c) Standard Protective clauses incorporated in Bank Guarantees.

4) Whether Guarantee is signed by Senior manager and Manager/Oficer in respect of Bank Guarantees of Rs.1 lac and above. (Bank Guarantees upto Rs.1.00 lac can be signed by single signatory only i.e. by Manager). If the branch is not having two officials, second signature may be obtained from the nearby branch official thro' RO/CO.

5) Branch has adhered to guidelines on guarantees with automatic renewal clause (wherever applicable)

6) Guarantees if issued on behalf of third parties, have been issued by ear-marking the limit sanctioned to our borrower and after obtaining additional documents.

7) Prior permission is obtained, for issuing Guarantees covering payment of arrears of tax. insurance premium etc., Guarantees for periods of more than 2 years.

8) Adequate margin is obtained as per sanction. (Where margin is collected by way of other than cash, whether pledge letter/agreement obtained and our lien noted). In respect of cash margin whether a separate ledger has been maintained & balanced as per norms.

9) Appropriate commission collected and ***wherever permission has been obtained to collect the commission in instalments, check whether amounts have been recovered promptly on due dates.***

10) Separate register is maintained for Bank guarantees invoked and appropriate interest collected. In case of BGs invoked but not crystalised due to court order commission for one more year from the date of expiry of BG to be collected as if BG is extended till the disposal of the case. Branch to follow up for the outcome of court case.

11) a) Expired guarantees are reported in periodical returns (Expired guarantees to be reversed after sending notice).

b) Comment on -

i) Extension of Guarantee period.
ii) Claims preferred by the beneficiaries.
iii) Refund of commission for the unexpired period.

12) The original guarantees are forwarded to the beneficiaries under registered cover. Wherever in exceptional cases the guarantee is handed over to the party, is an unstamped copy forwarded to the beneficiary directly by Regd. Post / AD with a request to compare it with the original and confirm that it is in order

13) Appropriate agreements obtained in respect of advance payment guarantee and transactions involving machinery vehicle etc. ***Whether status of/progress under APG ascertained periodically and records thereof maintained.*** Whether monitoring of progress in performance / work in respect of APGS or Rs.5 lacs and above and for a period beyong six months is done as per norms.

14) Charge is registered where guarantee is issued on behalf of a limited company wherever applicable.

15) Subsidiary is maintained and balancings are taken on due dates.

16) Guarantees issued on behalf of clients favouring development agencies/Boards like Indian renewable energy/National Horticulture Boards etc. are subject to Technical feasibility, financial viability, bankability of individual projects, prudential exposure norms, ceiling prescribed for term loans and obtention of suitable security

17) While issuing duplicate guarantees, -

a) stamped letter of request cum indemnity is obtained

b) issued within the validity period of original guarantee on stamp paper of requisite value.

c) necessary service charges collected.

18) Shares/debentures taken as security for Bank Guarantees/LCs etc. are transferred in Bank's name when such limits crystallise into fund based limits exceeding Rs.10.00 lakhs.

19) The reversal of expired guarantee has been done as per guidelines, particularly in respect of Guarantees issued in favour of Govt. & Govt. Dept.s.

20) Reporting of unsecured guarantees is as per guidelines.

21) Whether Invocation/ claim Settlement procedures / guidelines are followed.

22) Whether the Guarantees are correctly classified as Fin. Guarantee and Performance Guarantee and appropriate Commission and other charges are collected , for the period of guarantee including claim period.

23) <u>Letter of Credit – Modification in accounting of crystallized devolved liability – Revised Guidelines (HO Cir no.129/2009).</u>

XII . 3 . ISSUE OF CAPABILITY CERTIFICATES

Check whether

1) application in NF 548 has been taken along with necessary financial and other supporting documents

2) Certificates have been issued only to customers of Bank with proven track record and in the prescribed format.

*

3) Whether the certificate amount is fixed based on the performance of the party during the previous three years and full details of work orders executed during the period should be the base for fixing the certificate amount.

4) commission as per norms and out of pocket expenses (if any) have been collected . (Cir 340/08 and other changes, if any.)

5) the amount has been arrived at as per guidelines?

6) the branch has obtained financial and other supporting documents while issuing capability certificate to sponsors of the students going abroad for higher studies

XII . 4 . DP GUARANTEE/CO-ACCEPTANCE OF BILLS (Prod. Code :)

Check whether

1) the guarantees are backed by sanction from appropriate authority and all sanction terms (including documentation) have been complied with.

2) In case DPG / Co-acceptance is under the rediscounting scheme of IDBI, the conditions mentioned below have been fulfilled.

   a) Limits to be need based and sanctioned only to the customers enjoying other limits.

   b) Only genuine trade bills to be co-accepted and goods covered by such bills are actually received in the stock account of the borrower.

   c) Valuation of the goods are to be verified vis-a-vis over valuation.

   d) Not to accept bills drawn by group concerns.

e) Co-accepted bills not to be handed over to the party but sent to the discounting Bank.

f) Co-acceptance to be done only if received from the Banker of the Drawer directly.

g) Prior permission for discounting to be obtained in respect of bills co-accepted by Private Sector/Co-op. and Foreign Banks (Other than Prime Bank).

h) PA of officials of co-accepting Banks to be got registered.

4) the entries in DPG register have been correctly made

5) due dates of instalments are diarised and amount recovered promptly on due dates, or, with applicable interest if at a later date

6) In case payments made to Banks pending recovery from parties, -

a) report has been sent to RO / CO,
b) necessary entries are made in the DPG & liability registers
c) appropriate interest along with PI collected till date of payment
d) monthly statement of outstanding sent to RO / CO ,

7) the counter guarantees / indemnities , in respect of DPG on behalf of limited companies, are supported by a specific resolution and charge has been registered.

8) appropriate interest has been collected either lumpsum or in instalments (duly obtaining undertaking letter).

XII . 5 . SOLVENCY CERTIFICATES (Prod. Code :)

Check whether -

1) the solvency certificates have been issued only on behalf of the customers

2) the certificates issued are supported by sanctions from appropriate authority

(ensure that the sanction has been obtained from RO / CO in respect of borrowers where the solvency certificates have been issued for more than their net worth).

3) application in NF 548 has been obtained from the party in case he is not enjoying credit limits

4) As per cir.236/2008 – on Deligation of Powers :
a) upto Rs.1 lac, Certificate can be issued to the extent of declared net worth of the client based on the information furnished by the party, without insisting for Fin. Statements.

b) > 1 lac and upto Rs. 5 lacs – Un-audited Fin. Statement to the extent of accepted net worth

c) Beyond Rs.5 lacs, Audited Financial Statements to be obtained certificate to the extent of accepted net worth on the basis of Audited Fin. Statement.

5) the amount of the Certificate is within the net worth of party except where it is fully secured

6) the certificate has been issued in any one of the three formats given in Manual of Instructions or in any other format approved by CO

7) 100% margin has been collected where the certificates are issued in formats 2 and 3 (where such margin is collected by way of term deposits, check whether the period of the deposit beyond the date specified in the Solvency Certificate)

8) a copy of the Solvency Certificate issued has been sent to RO / CO with details of assets and liabilities of the party

9) register for issuance of Solvency Certificates is maintained and all details recorded therein are correct

10) commission collected is as per norms cir.340/08 and subsequent changes, if any)

11) there is specific permission from Circle Office for waiver, if any, of protective clause

XII . 6 . BILLS UNDER IDBI SCHEME

Check whether -

1) the accounting procedure as per norms is followed. i.e.,

   a) Proper entries are made under BE (IDBI / SIDBI) party's Account and interest collected.

   b) Discounted bills are to be sent to the designated branches / Accounts Section for rediscounting.

   c) confirmation for rediscounting has been received and is duly noted in the BE register.

2) interest has been calculated and interest calculation sheet maintained as per procedure.

3) the due dates are diarised and due notices, in prescribed format sent sufficiently in advance

4) overdue interest as per norms has been collected along with instalment due.

5) In case of bills / pronotes not finally discounted with IDBI (i.e., bills discounted at concessional rates with the idea of getting them rediscounted with IDB I /SIDB I) whether interest rate as applicable to cash credit account of the borrower is collected and such matter is reported to sanctioning authority.

XII . 7. DRAWEE BILLS SCHEME (CO-ACCEPTANCE)

(Applicable to Industrial borrowers with CC limit of Rs. 50 lakhs and above)

Check whether -

1) the liability is within the limit (50 % of Inventory limits)

2) appropriate loan papers have been obtained

3) party-wise liabilities are maintained in respect of bills co-accepted

4) periodical stock statements have been submitted and stocks checked

5) monthly statement of outstanding drawee bills liability has been sent to CO

6) commission as applicable to unsecured guarantees is collected

XIII . LPD (LOAN PAST DUE) ACCOUNTS

A. Check whether - -

1) Interest has been debited upto the date of NPA & further interest in mirror account before transferring to LPD account .In respect of suit filed accounts, whether interest up to the date of filing suit included in the Plaint and further interest is claimed correctly from the date of plaint.

2) Full particulars of the loan account, reference No. .of RO / CO letter permitting transfer of account to LPD filing of suit, waiver of Legal action, date upto which interest is debited, OS No./ SC No. etc are noted in the LPD ledger

3) Plaint copies are verified, as to the correctness of name of the borrower, amount including interest debited, future interest claimed etc. before forwarding them to RO / CO and whether plaint copies are available

4) Payments made to advocate and maintenance of records thereof are as per guidelines.

5***) Status of suit / EP has been informed by advocate periodically and uptodate; if not, is there any record of follow up by the branch.***

6) Copies of decree are forwarded to R & L Section of RO / CO duly commenting on the future interest awarded and loss incurrable if any due to the terms of the decree.

7) EPs are filed promptly within 12 months from date of decree.

8) there are any decrees which have completed 12 years without EP being filed

* 9) It is to be ensured that
   a) the legal expenses are not directly debited to the LPD accounts but to the General Charges- Legal Expenses.
   b) in respect of closed LPD accounts, legal expenses are also recovered and credited to General Charges-Legal expenses.
   c) Memorandum Control Account for LPD accounts in respect of legal expenses incurred and recovered is being maintained, as per circular 286/2003. Records (account wise) to be maintained.

* 10) It is to be ensured that PRR 12 is separately prepared and submitted to R&L Section, in respect of non-suit filed LPD accounts and Decrees completing 12 years.

B . .Comment on the following aspects of non-suit filed accounts .

a) Obtention of stock statements, periodical checking of stock.
b) Recovery without recourse to filing of suit.
c) Promptness in carrying out instructions of RO/CO.

d) Calculation of interest at the time of filing suit.
e) continuation of insurance coverage / if waived, permission thereof.
f) obtention of AODs, LORs, as per norms.

C. Furnish a review of recoveries made under LPD during review period

D . Check whether

1) Requisite notice has been issued to eligible parties under Section 13 (2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (Non-suit filed cases - above Rs. 100000)

2) Loss Assets are correctly classified (Value of security as assessed by Bank/approved valuers is less than 10% of the outstanding in the borrowal accounts).

3) Inspection of Godowns / verification of securities is done as per guidelines

4) Net worth of the guarantors and Directors have been ascertained for the purpose of filing EP / for O.T.S. purpose.

5) Latest Encumbrance Certificate in respect of the mortgaged properties obtained for the purpose of filing Execution Petitions/ Enforcing the Decrees.

6) Instances where there are no bidders for purchase of mortgaged properties in respect of suit filed and decreed cases, have been referred to higher authorities for their guidance.

7) Any seized items such as vehicles, machineries, stock are in the custody of Clearing Agents for long time. Comment on steps taken/proposed for disposal of such securities.

8) Expenses are paid for unduly long time in respect of securities obtained on paripassu basis (in respect of Consortium Advances - Ist Charge/IInd Charge, etc.,) where securities are yet to be disposed off. - Comment on steps taken.

9) In respect of borrowal accounts of Joint Stock Companies) which are in liquidation, whether claims have been preferred with the Official liquidator appointed by the Courts within the period stipulated.

10) In case of borrowal Accounts of Joint Stock Companies) whether other Consortium Bankers have entertained any OTS proposals. If yes, whether details such as ratio of OTS amount, period of payment etc., have been obtained and passed on to the higher authorities

11) Concurrence of ECGC for OTS proposals has been obtained where ECGC claims have been settled and whether such cases have been referred to sanctioning authorities for their guidance.

12) Branch has followed guidelines with regard to one time settlement of NPA accounts of upto Rs.25,000/-, and reported to RO ?

13) ***In case of OTS under Special Scheme (for aggregate liability upto Rs.5,00,000/-) check whether -***

- ***the amount sacrificed is within delegated powers***
- ***the settlement is in accordance with instructions/guidelines***
- ***Register-cum-review report is maintained and copy thereof submitted to RO/CO.***
- ***Progress report has been submitted promptly and uptodate.***

17) Delegation of Powers to Branch – in - charge – Settlement of Small NPA liability up to Rs.25000/- (Cir no.72/2009).

- Powers delegated to Branch-in-charge for settlement of Loss Assets with Book Liability up to Rs.25000/- in respect of accounts covered under Special OTS (Cir 297/2008).
- The original sanctioned limit of such loans should not be more than Rs.2.00 lakhs.
- Branch-in-charge can exercise tahe delegated powers for a maximum number of 25 eligible accounts under Loss category.
- Branches having more than 25 accounts to settle during Canadalats / Recovery Meets in the presence of executives of RO/CO.

18) Instances of transfer of accounts to ARM, for further follow up**.**

19) Comment on NPA accounts pending for transfer to LPD and initiating recovery action where the accounts are not settled under OTS/restructured/rephased.

XIV . CREDIT CARDS

XIV . 1 . CANARACARDS .

Check whether –

1) Branch has retained photo copy of application for its records.

2) a. Loss of card reported by card holder/stale card surrendered if any informed/forwarded to CBD HO by telex / telegram / FAX / telephone on the same day of receipt of information. In case of loss of Canaracard-Visa whether copy of the FIR lodged by Card Holder with the Police is forwarded.

   b**. returned cards destroyed beyond usage and certificate sent to the Card Division along with request letter of the card holder for cancellation.**

3) Branch has collected appropriate charges and obtained unstamped letter-cum-indemnity for duplicate cards, if any, issued.

4) Following have been ensured in respect of cards issued to NRIs:

   a) possession of Indian Passports.

   b) Undertaking to surrender the cards when they cease to be Indian passport holders.
   c) SB account with a minimum balance of Rs.10000/- for at least one year.

5) Board resolution authorising designated officers to avail the credit card and specifying the limits is obtained in respect of cards issued to corporates.

If reimbursing branch, check whether -

1) The branch is designated by Canaracard Division to make reimbursement to the particular ME?

2) The particulars viz., code no., floor limit, the rate of commission fixed for the ME etc. are noted in a separate register

3) a) Branch has ensured that card is not hot listed and transaction is within the floor limit of ME before reimbursing the amount to ME

   b) Reimbursement against hand written charge slips with undertaking letter has been extended selectively.

4) a) Branch has reimbursed the amount to MEs promptly against Bank copy of charge slips duly ensuring that the summation sheet is filled in all respects and signed by the ME.

   b) Prescribed letter has been obtained from ME where reimbursement of charge slips which are more than 30 days.

5) BAR raised by the branch is only for actual amount paid to the MEs.

6) ME discount rates are reduced to as under:

Canaracard 2% }
} w.e.f. 1.10.1996
VISA 2% }

7) Branch /RO/CO officials have no discretionary powers to allow overdrawings in CANME OVERDRAFT ACCOUNT

If branch with EDC, check whether -

1) Cash withdrawals permitted are within the limits prescribed.

2) a) Particulars of the cardholder, date of payment are duly recorded in BAR cum establishment slip.

b) Duplicate and triplicate copies of BAR are preserved with cash paid voucher.

3) Hotlist bulletins are serially filed

IN CASE OF BRANCHES WHERE CARD HOLDERS ACCOUNTS ARE MAINTAINED CHECK WHETHER - (HO Cir 181/07 dated 28-06-07)

(HO Cir no.314/2008 dt.11-11-2008 – Re-introduction of Mandatory debit of FTV system for recovery of FTV dues)

a. Our earlier system of mandatory debit of FTV for recovery of Canara Card dues has been re-introduced.

b. Branches have to debit all FTVs drawn on them, irrespective of the amount of the amount of FTV by allowing TOD in case of insufficient funds in the account.

c. The resulting TOD, if any, should be reported to Card Division immediately for blocking further transactions in the card amount.

d. Recovery of TOD liability in such blocked accounts shall be immediately informed to Card Division for removing the block in the card account.

e. In case of FTV drawn on NRE accounts, FTVs be passed only if sufficient balance is available and no overdrawings to be allowed.

f. Branches to make all out efforts to recover the amount of TOD resulting on account of honouring FTVs. If TOD remains unrecovered even after 6 months, the same may be transferred to /Card Division, Head Office for further action.

2) Overdrawings allowed due to debit of FTVs are followed up.

3) Interest collected on over drawings and ROI charged are correct.

4) Branch is reviewing the facility where over drawings in the account is habitual.

5) AOD has been obtained whenever necessary.

6) follow up of overdrawings is adequate .

7) permission of Canaracard Division has been obtained for transferring / closing the account of card holder. and whether the branch has informed the Division where accounts of the cardholders are transferred from other branches.

8) Blacklisting of delinquent Card holders (HO Cir no.256/2008).

XIV . 2 . OTHER CREDIT CARDS

A) LUCC	SEE VIII . 5
B) ARTISAN CREDIT CARD	SEE VIII . 4
C) SWAROZGAR CREDIT CARD	SEE IX . 27. F
D) KISAN CREDIT CARD	SEE IX . 27 .C
E) GENERAL CREDIT CARD	SEE IX 27. D
F) KRISHI MITRA CARD	SEE IX 21
G) FARMERS GREEN CARD	SEE IX 27. A

INDEX

FOREIGN EXCHANGE

Forex transactions are complex by nature due to inherent multiplicity of agencies and rules governing them (they are subject to guidelines/instructions stipulated by various agencies such as RBI, FEDAI, ECGC, GOI/DGFT etc. and are governed by several rules and regulations such as FEMA, UCP, URC, Trade Policy, arrangements with corresponding banks, law of the other country etc.,)

Areas to be covered during inspection are therefore innumerable and cannot be condensed or given as a gist. The guidelines listed are therefore not exhaustive.

In order to ensure inspection as per norms, IOs are advised to refer sources of information listed below:

Manual Of Instructions issued by ID

1. *IMPORTS*
2. *EXPORTS (General)*
3. *EXPORTS (DBs) (Note: Includes PCFC, PCFC (I) & BRD)*
4. *FORWARD CONTRACT*
5. *REMITTANCES*
6. *FCDs*
7. *GUARANTEES*

Manual Of Instructions issued by HO:

1. *Export Credit*
2. *Documentation*
3. *Working Capital*
4. *Term Loans*

Circulars issued by HO:

- *Credit Policy*
- *Delegated Powers*
- *ROI on rupee finance*
- *ECGC*
- *ROI on Rupee Deposits*

Circulars issued by ID:

- *FEDAI guidelines*
- *ECR & reporting to RBI*
- *Exim Policy*
- *ROI on FCD & FCL (PCFC, PCFC (I), BRD, FCVSL, FCLR*
- *Due dates for balancing and returns.*

<u>Circular letters issued by ID:</u> For procedural and other guidelines relating to handling, accounting, & reporting of transactions by DBs.

FOREIGN EXCHANGE BUSINESS

General

Check -

A) whether FEMA declaration is obtained (if one-time declaration, original should be with loan documents and copy, in a separate file; if photostat copy or computer print out of revised Form A2 is used, verify whether declaration has been incorporated.

B) Compliance with KYC norms (in addition to those applicable to resident accounts/domestic transactions) especially in case of new customers, viz., regular satisfactory transactions, bonafide importer/exporter with good standing in the market, not caution-listed by RBI etc.

C) Adherence to Trade Policy guidelines (quoting IECN, ensuring importability / exportability of the goods, availability of licence wherever required, and instructions regarding transactions with listed country).

D) Adherence to RBI guidelines in respect of limits and norms for release of forex, compensation for delays, maintenance of records, submission of statements and returns and ROI on rupee export credit etc.

E) Adherence to FEDAI guidelines regarding time norms for various transactions, swap cost, forward contracts, exchange rate, delinking.

F) Adherence to Bank's guidelines relating to

a. Credit Policy
b. delegated powers
c. sanctions and approvals, including waiver of charges / obtention of certain documents etc.
d documentation, margin, security
e. scrutiny of LC and collection documents
f. Mode of receipt of funds from customer
g. mode of remittance of funds to FD

h. accounting entries (including those relating to change in NR)
i. collection of commission, interest & OPE
j. balancing, follow up, reporting and submission of returns
k. obtention of OPL
l. reconciliation (FCD, FCL & Forward Contracts)
m. follow-up of BARs with FD/ID

G) whether undertaking letters, declarations, risk letters etc. wherever stipulated / prescribed are obtained on party's letterhead

**** h) Exchange Conversion commission on all transactions involving reporting of sale / purchase (including cross currency conversion) as detailed hereunder is to be collected :(ID cir.38/08)w.e.f.16-05-08.***

Upto USD 500 - Rs. 25/-(minimum) + ST + Edu. Cess
Above USD 500 & upto USD 5000 - Rs.50/- + ST + Edu. Cess
Above USD 5000 - Rs.100/-(max.) + ST + Edu. Cess.
Such Commn to be credited to Commn.-Exchange Conversion Commission a/c. and SL- A/c. payable- ST.

(Charges as per ID Cir 100/08)

Whether unhedged Foreign Exchange Exposure of clients, including SMEs are reviewed and monitored monthly.

A: EXPORTS

A. 1. PACKING CREDIT (PRE-SHIPMENT CREDIT)

Check Whether

1) time frame of 45, 30, 15 days is observed in respect of proposals for -
   a) Sanction of fresh/enhanced limits,
   b) renewal of existing limits &
   c) ad-hoc credit limits respectively.

2) advances are supported by sanctions from appropriate authority.

3) required loan papers for PC obtained. ***(In addition to those applicable to OCC/PL as the case may be)***

4) advance is backed by LCs or Firm Sale Contract/Export Licence. Where advance is made on the strength of cable, is LC / SC lodged subsequently.

5) granting of PC is noted on the original LC / Export order to avoid double finance on the same LC / EO. If submission of LC / DO / SC at the time of availing the finance is waived, check whether waiver is part of the Sanction and the same has been communicated to ECGC.

6) a) advance is backed by DP and stock inspected at regular intervals.

b) quantum of loan under PC is arrived on the basis of cost of goods - duly deducting advance payment, profit margin, freight and insurance if the unit price is in CIF terms. Payments towards freight/export duty/insurance may be made direct to Shipping Agents, Customs Authorities on obtaining necessary papers when goods are ready for shipment.

7) balancing is done on due date, checked tallied and authenticated

8) clean PCs are cleared as soon as stocks are purchased by granting PCs or by negotiation of Bills where export takes place immediately.

9) ECGC cover is obtained. For absorption of ECGC premium, whether permission from competent authority obtained?

10) the rate of interest is as per HO Circular for Rupee PCs and ID Circular for PCFC and the interest amount is debited to operative account of the Exporter.

11) PCs are cleared within the stipulated period, and relaxation in liquidation is as per norms i.e.,

a) Account is classified under ***ASCC S1 & S2.***
b) Liquidation is out of Export Bill proceeds relating to any other Order covering the same or any other commodity exported subject to following conditions:

(i) the Exporter has not availed any packing credit against the order with any Bank,
(ii) No Packing Credit has been granted against the Export Order / LC.
(iii) Obtention of request for FIFO.

c) The Exporter has maintained the PC Account with the Branch or has the approval of other members of the consortium.
d) The relaxation is not applicable to transactions of other sister / associate / group concerns.

12. Extension of PC beyond the stipulated period has been reported to Sanctioning Authorities/ECGC

13. Necessary proof has been obtained if cleared out of EEFC / rupee funds (to the extent exports have actually taken place) and interest and other charges have been collected as advised by HO / ID.

14. the date of grant of CPC has been reckoned for claiming refinance etc. when the same has been converted into PC.

15. appropriate ECGC premium has been collected from the borrowers and relative statements submitted to the concerned authorities.

16. Export license if any, has been lodged with the branch.

17. Export LCs received through our Bank or through any other Bank in India are duly advised as "authenticated" (such authenticated LCs only are to be accepted for granting any finance and LCs received directly by Customers from abroad should not be accepted).

18. in case of route through exports,:

a) specific approval of sanctioning authority or permission from next higher authority is available

b) exporter client has authorised the bank to negotiate documents to Export House (EH) by earmarking in the limit sanctioned to exporter client

c) exporter client has guaranteed ultimate payment of bill including interest and other charges and has undertaken to repay the advance with up-to-date interest in the event of non-payment (guarantee should be got drafted from respective R & L Section)

d) the EH has at least a nominal Current Account (to ensure adherence to KYC norms, and, to ensure that persons signing FEMA declaration, covering letter for bills, letter of authority to delink etc are duly authorised signatories of the firm / EH)

e) letter from EH authorizing transfer of proceeds of negotiated bill to exporter client's account is obtained

f) bill covering schedule / letter (IF 1668) is signed by EH

g) separate letter on letterhead of EH seeking negotiation and undertaking to pay interest and other charges is obtained

h) liability is maintained in the name of EH

i) disclaimer letter with confirmation from the EH's banker that they have not extended pre or post shipment credit to the EH is obtained

j) pre-shipment credit to exporter client is extended against EO placed by EH, after obtaining connected documents for route through exports, such as route through contract, LC duly transferred in f/o EH, or LC favouring EH

19. the branch maintains list of exporters in respect of whom prior permission of ECGC should be obtained for making any advance- SAL

20. Branch has complied with guidelines / instructions on exports to listed countries.

21. Sanctions / enhancements / modification of limits, overdues and defaults are reported to ECGC within stipulated time.

22. stipulated margin has been maintained on all PC / CPC

23. Following clause has been added in the PC agreement - " the borrower further hereby authorises the Bank to recover PC interest as and when due by debiting his/her operative account No........ and also undertakes that in case of any debit of PC interest in such operative account results in overdrawings in that account the borrower shall clear the overdrawings together with interest as applicable to clean advances stipulated by the Bank in accordance with the Rules and Regulations framed by them without any demur"

24. Bank's hypothecation boards are displayed in the godowns.

25. Refinance has been availed from EXIM Bank in respect of Term Loans granted to EOU, if stipulated in the sanction.

A. 2. EXPORT BILLS (POST SHIPMENT CREDIT & COLLECTION BILLS)

Check whether

1. Documentation is as per guidelines.

**** General Power of Attoney duly executed by the Eaporter should be obtained before extending any type of post-shipment finance facility and the fresh POA to be obtained as and when limits are renewed / enhanced.(Exp.Manual – Annx.-19)***

2. Exporter has submitted the documents with appropriate covering schedule and letter of authority to delink (Page 2 of IF 1668) is signed by exporter. (If bills received for collection are purchased before realization, IF 1668 or suitable letter containing relevant clauses, covenants and letter of authority to delink (appearing in IF 1668) should be obtained) .

*3. Reason for delayed submission of export documents (i.e., beyond 21 days from the date of shipment) is obtained as per Annexure No.6 of BPC on Exports and certified by branch official and preserved for verification by RBI inspectors or internal inspectors.
Branch may accept copies of documents from Status Holder Exporter / SEZ beyond the due date of 21 days, if the delay is beyond the control of exporter, without prior permission from RBI.

4. Documents are scrutinised and scrutiny sheets prepared (to be scrutinised by officer for value up to USD 100000, and, officer and Manager for value over USD 100000) [Page -86 of BPC on Exports.]

5. Export declaration forms such as GR / PP / Softex forms / SDF forms / Shipping documents are submitted wherever applicable.

6. Freight forwarders receipt (FFR) and House air way bill is accepted only when the LC provides for the same or sale contract contains clause of shipment

by HAWB/FFR. Whether HAWB/FFR are freely accepted for export documents accepted on collection basis ?

*7. Multi modal transport document if any, is in prescribed format and issued by registered transport operator. [ref. Annx.11, page 276 of BPC on Export.]

*8. Finance extended is within the sanctioned limit/ delegated power. (HO cir.236/08)

*9. OPL / status report not older than one year is on record or waived by appropriate authorities, in specific cases. (Page 84, point 4.4 of BPC on Exports.) Cir 92/09

10. Branch has ensured that the Exporters name is not appearing in Exporters Caution List published by RBI periodically.

11. GR forms submitted by exporters or PP forms submitted by exporters whose name is appearing in exporters caution list are handled only when it is countersigned by RBI ***or approved by head of the office or by Manager/Senior Manager-in-charge of Exports Department of the branch subject to exporters submitting evidence of having received advance payment/valid LC for full value.***

12. Risk letter in prescribed format is obtained for sending export documents through courier. ***(Generally schedule of courier charges and format of risk letter are advised by ID in the first Circular issued by them every year e.g. 1/04, 1/05 etc)***

13. Interest on post-shipment credit at rates advised by HO/ID from time to time and other charges are collected.

* ***14. If the FDB / FBE liabilities are liquidated out of funds available in EEFC account or out of any other un-financed (collection) bills, before the due date of the bill, the same to be treated as early realization of the export Bills and SWAP charges , if any, on account of early realization is to be recovered as per extant guidelines. The proportionate interest on account of early realization is also to be refunded. The GR s related to such bills are to be released only on realization of the export proceeds. (ID cir.12/08)***

15. Follow up and reporting of export bills not realised within prescribed time is as per guidelines:

- ***Time allowed for realisation is***
  a) 12 months for status holders.
  b) 12 months for 100% EOUs and units in EHTP/STP/BTP (for exports made on or after 01.09 .2004)
  c) 360 days for exports to specified countries (shipments upto 31 8 2004)

d) 365 days for export of specified commodities (shipments upto 30 09 2004)

****e) 12 months from the date of shipment in all other cases except units in SEZ to whom there is no prescription of any time for realisation. (Ref : ID Cir.40/2008 dt.11/06/08)***

- ***Exports under (a) to (d) and by units in SEZ, if outstanding beyond six months should be reported in XOS Statement duly mentioning the reason in remarks column.***

16. Due date is correctly calculated based on NTP and tenor of bill.

(NTP - Five days for export under LC with TT reimbursement clause;

- ***If as per LC, TT reimbursement is to be claimed after certain number of days from date of shipment / despatch of docs, such period should be added to five days.***
- ***120 days (maximum) for exports to Iraq and***
- ***25 days in all other cases.***
- ***Due dates for usance bills: Predetermined / fixed due date as specified in documents, otherwise NTP as above should be added to tenor of the bill to arrive at NDD)***

**** 17. Extension of time for realization upto 12 months (ID cir.23/07), reduction in invoice value upto 25 % (ID cir.25/07) and write off in the format in Annx. 30 of BPC on Exports, permitted (ID cir.24/07) are as per guidelines, and whether relevant papers obtained and records maintained for verification by RBI inspectors / internal auditors (ensure proportionate incentive, if any, has been surrendered by exporter) (CHAPTER VI 8.b. 6a & IX 14.4 of Inspection Report)***

18. Compensation by way of interest at the rate of minimum interest charged to export credit is paid to exporter for the delayed period if proceeds of collection bills are not credited to exporters account within three days of realization.

19. Branch has maintained records of pending GR / PP forms collected quarterly charges on overdue GR / PP forms and included overdue GR / PP forms in the credit report. ***Also check whether permission for waiver of such charges has been obtained from appropriate authority (at present head of the CO), wherever applicable***

20. Post shipment advances are covered by individual post shipment guarantee of ECGC, in addition to ECGC policy obtained by the exporter, if not specifically waived by appropriate authority.

21. Defaults are reported to ECGC / controlling authorities and suitable action initiated.

22. Balancing has been done on stipulated due dates, tallied and checked.

23. Periodical statements have been compiled correctly and promptly submitted.

* 24. Export bills purchased are delinked on the **15 th** day from due date or notional due date as per guidelines and shortfall is recovered from the exporter. In case of delayed delinking check whether appropriate Rate of Interest is applied upto ostensible due date for delinking**.(ROI at ECNOS which is BPLR + 2 %).**

25. Export bills discounted without any credit limit for post-shipment finance are in accordance with guidelines on such transactions ***(Note: Appropriate processing charges also should be collected in such cases)***

26. Proceeds of the discounted export bills are credited to packing credit or PC granted by way of OD to liquidate pre-shipment finance and whether Bills are sent on collection basis when relevant PCs are outstanding.

27. Payment made under reserve in view of the discrepancies in documents under LC is supported by duly stamped indemnity letter from the exporter. Link letter to be obtained in case of discrepancy in Bills on Bill to Bill basis.

28. Suitable letter from exporter is taken for application of provisional rate ?

29. Export bills are despatched by registered post to FD promptly under covering letter in IF (EXP) 1668 / IF 1667.

30. A log register to note the incoming export documents and date of actual despatch of documents is maintained and delay is reported to controlling authorities if delay is beyond 48 hours.

31. In respect of rupee advance granted, whether proper loan papers obtained, and spot bill buying rate applied (irrespective of tenor of export bill) for calculation of rupee value and advised accordingly to FD in the bill covering letter.

32. Bank certificate for realisation of export issued is in the applicable format, and prescribed charges are collected.

33. Issue of bank certificate is noted in the Export Bills Register/system.

34. Ongoing exchange rate is obtained from FD for export bills purchased/negotiated by reporting the purchase, and whether reporting register is maintained duly noting the full details therein and confirmation received from FD compared and discrepancy, if any, pointed out and rectified

35. Export related payments (agency commission, claim settlement etc) are as per guidelines and conform to ECR.

36. A***ll cases as per guidelines, have been listed in XOS statement (applicable to DBs)***

37. Comment on the following;

a) Maintenance of GR register and reporting of overdue.
b) Maintenance of foreign bills discounted register.
c) Diarising due date of LC/export bills and follow up thereon.
d) Maintenance of PP forms countersigned register.
e) Maintenance of reserve payment register.
f) Reporting of transgression to appropriate authority.
g) Instances, if any of, bills delinked with delay or not delinked.
h) Ensuring that Usance period of documents does not exceed prescribed period for realisation.
j) Sharing of amounts received after claim settlement by ECGC as per guidelines.
j) Availability of intimation of acceptance of Usance Bills and follow-up thereon.
k) Maintenance of records relating to and monitoring of Advance Payment received by exporters
l) balancing, review and follow-up of long outstanding collection bills

38.. prescribed letter for waiver of Noting and protesting has been obtained if it is **not** incorporated in export bill covering letters

39***. certificate of origin issued by agencies authorized under EXIM policy only are accepted for exports under GSP (as evidenced by LC or contract).***

40. certification on softex forms by officials of STPI / EPZ / SEZ, is accepted (can be accepted).

41. measures / precautions advised from time to time for prevention of frauds under exports have been followed.

42. guidelines on counter signing PP Forms are complied with.

43. branch is exercising all safe guards and precautions while extending Export Finance against Export to listed countries.

44.. branch has advised the Exporters to take necessary steps for write off GR outstanding beyond one year. ID Cir 19/04

45***. specific approval of higher / sanctioning authority is obtained for purchasing / discounting export bills not under LC where***

(i) the following are presented –

b) Bill of Lading issued by charter party/freight forwarding agent

c) Bill of Lading evidencing "on deck" or "received for shipment"
d) Country craft/sailing vessel /stale/direct Bill of Lading
e) Forwarders Cargo Receipt issued by FIATA approved agent
f) AWB evidencing consignment directly to buyer
g) HAWB
h) Non-negotiable Seaway Bill
i) Post parcel directly addressed to buyer

(ii) goods are dispatched on consignment sale basis
(iii) goods are dispatched for stock and sale through ware house
(iv) one or more original BL and/or other shipping docs are to be dispatched directly to buyer.

Note: 1. SPECIFIC APPROVAL IS REQUIRED EVEN FOR NON LC BILLS DISCOUNTED / PURCHASED UNDER SANCTIONED LIMITS.
2. IF INSURANCE POLICY COVERS `ON DECK SHIPMENTS, BL EVIDENCING 'ON DECK' SHIPMENT MAY BE ACCEPTED.

46. SWAP cost is collected for early realisation of usance export bills after ascertaining the same from FD. (in case of early delivery interest on outlay of funds in addition to SWAP cost is to be collected).

* 47. If the FDB / FBE liabilities are liquidated out of funds from EEFC / any other un-financed (collection) bills, the same is to be treated as early realization and SWAP charges , if any, to be collected from the exporter. Proportionate interest On account of early realization to be refunded.

48. .Circulars and circular letters issued by ID and Overseas Operations' Division, communications received from RBI, FEDAI, etc, Public Notices issued by Export Trade Control Authorities preserved by Export Designated Branches.

* 49. Wherever Advance Payment is received, the branch has to followup for shipment by sending notices after 10 months. If shipment has not taken place nor advance amount refunded even after 12 months, the name of such exporter has to be sent to IC section, Circle Office on monthly basis, who in turn will report to RBI.

48. Authenticity of ELCs advised by other banks is ensured before negotiating the documents.

49. specific permission from Circle Office is obtained for sending purchased / discounted export documents directly to drawee / consignee. Check whether prescribed indemnity and undertakings have been obtained in such cases.

(50. reduction in invoice value / write-off / extension, self permitted by exporter and approved by the branch are in accordance with guidelines.)
@* DUPLICATION OF POINT NO.16, HENCE MAY BE DELETED.

51. separate records for advance payment received by exporters are maintained, and, monitoring is as per ECR.

A. 3. GOLD CARD SCHEME FOR EXPORTERS

Check whether issuance of cards and facilities extended thereunder are as per the scheme, salient features of which, are as follows:

Eligibility :

- ***Creditworthy exporters with good track record and whose accounts have been classified as "Standard" ASCC S1 continuously for three years and***
- ***without any irregularity / adverse features in the conduct of accounts are eligible***

- ***Exporters blacklisted by ECGC / caution listed by RBI / included in RBI's defaulters' list / making loss for past three years / having overdue export bills in excess of ten p.c. of previous year's turnover are not eligible.***

Limit:

- ***Working capital limit will be sanctioned in principle for three years with provision to withdraw / renew / enhance / reduce subject to conditions, after review at the end of each year.***
-
- ***Standby limit of additional 20% is permissible to facilitate urgent needs for executing sudden orders.***

Rate of Interest:

No concession in interest

Time norms for disposal of applications:

25 / 15 / 7 days respectively for fresh / enhanced limit / renewal / ad-hoc.

Other features:

- ***25% concession in charge schedule and fee structure***
- ***waiver of IPSG on case to case basis***
- ***preference for granting PCFC, issuance of ICC etc.***
- ***norms relating to appraisal, security, collaterals, sanctioning powers are as applicable to existing Export Credit.***
- ***additional information should be furnished as annexure to PSR - 43 (at quarterly intervals).***
- ***cards will be issued by Circle Office who will maintain register/records thereof and submit monthly statement to EICD Section, HO.***

B: IMPORTS

GENERAL

(Check adherence to procedural and other guidelines listed below
****NOTE* : List is not exhaustive)***

In addition to compliance with KYC norms, branches should exercise due care while handling import transactions, and, extend the service only to their customers, after ascertaining the genuineness of the import and satisfying themselves that the importer is trading in the item or is importing it for actual use.

A certificate to this effect (in the format prescribed by I D) duly signed by two authorized branch officials should be available with all applications for FLC requests for advance payment and import bills received for collection (& paid).

B. 1.: IMPORT LETTERS OF CREDIT

Check whether transactions are as per guidelines / procedures in vogue.

1. a) Limit should be fixed (or got sanctioned) after appraisal as per guidelines. Appraisal notes/credit reports/renewal proposals should contain additional details regarding delayed import payments/devolved liabilities/non-submission of proof of import/overdue and long outstanding import bills.

b) Specific permission is required for opening usance LC and for waiver of Lloyds / SGS certificate.

c) Permission / ratification for non-compliance of sanction terms and conditions, transgression of limit etc should be on record.

2. a) ***FLCs can be opened on behalf of account holder of the branch and known to be participating in the Trade. Note:*** FLCs can be opened on behalf of Government Departments / PSUs even if they do not maintain account with us.

b) ***Limits should be within delegated powers of branch or should be sanctioned by appropriate authority.***

c) FLCs can be opened on the basis of firm sale contracts. In the absence of sale contract, the following may be accepted:

i. Purchase order of the importer confirmed by the overseas supplier.
ii. Proforma invoice of the Overseas Supplier duly countersigned by the importer.
iii. Indent of authorised Agent of the Overseas Supplier

d) ***Importability should be ensured.***

e) FLCs should be made available for payment only against documents evidencing despatch of goods viz., BL/AWB/LR/RR/PP etc.

3. OPLs on the prospective suppliers, wherever stipulated should be on record. (OPLs can be waived in the following cases of FLCs)

a) Opened on behalf of PSUs/Govt. Departments.
b) Opened with 100% cash margin.
c) Established against commitment letters from Term lending institutions provided the institution has not stipulated any condition requiring the Bank to call for such reports.
d) Opened on behalf of parties having a good track record.
e) Where the supplier is a fortune 500 companies.
f) Opened for value not exceeding Rs.5.00 lakhs in all other cases.

4. Where imports are made under import licences, Exchange Control copy of relative import licences should be endorsed, under stamp and signature, marking the details of LC opened, forward contract booked or remittances made. Movement of Import Licence to be recorded in the Import Licence Register. ***Expired/fully utilized licences should be retained by branches and separate register and files thereof should be maintained.***

5. The branch official has to certify on the reverse of FLC application that all sanction terms have been complied including collection of margin. Commission, postage etc, .(applicable also to branches designated for imports)

6. Separate ledger for cash margin on FLCs should be maintained and balanced on last Friday of every calendar quarter.

7. ***FLC amount (including hidden overdrawings, if any) should be converted at ruling Bill Selling Rate for arriving at rupee liability and collection of margin and charges***

8. All the particulars of LC including tenor, terms of shipment and charges collected should be noted in the register.

9. Balancings should be done on stipulated due dates, tallied and certified / authenticated.

10. Waiver of Lloyds/SGs certificates is permitted by the appropriate authorities **only on** specific representation from the importer; In all such cases, prescribed undertaking should be obtained from importer.

11. Original FLC application stamped as an agreement should be kept in double lock, and duplicate copy sent to FD for establishing foreign letter of credit.

12. Request for amendments to FLC should be obtained in IF (Insp) 1602 along with requisite documentary evidence. Originals should be retained with relative FLC application.

13. If import is on FOB or CF terms, adequate insurance cover note / policy with Bank clause should be obtained.

14. Transgressions in FLC limit, if any, should be reported to the controlling authorities

15. Charges for opening FLC should be collected at rates advised from time to time.

16. Import LC calling for suppliers credit for more than 180 days requires prior permission from credit sanctioning authorities.

B . 2. ADVANCE BILLS

1. Documents drawn under our FLCs and negotiated/accepted in terms of FLCs by Banks abroad are termed as Advance Bills (ABs)

* 2. As per UCP 600 rejection of documents should be communicated to the negotiating Bank within 7 days from receipt of documents by FD/FEX Cell. To enable openers to avail this protection, branches have to send intimation letters to them expeditiously. If the Opener of FLC / Importer undertakes to honour the Bills in writing despite discrepancies, it can be permitted.

3. Documents received from FD / FEX Cell are to be entered in the register with prefix IBLC (Import Bill under Letter of credit).

4. Where insurance is covered by importer, cover note held by the branches should be got exchanged with insurance policy

5. Details of Forward sale contract booked, if any, should be noted in Import Bills register.

6. Due dates of usance bills should be diarized.

7. ***Usance drafts under FLC are drawn on bank which has issued / confirmed the LC. Branches should therefore obtain separate acceptance from importer in the prescribed format, stamped as an agreement.***

8. Sight bills should be retired on first presentation and usance bills on maturity date.

9. If bills are not retired as mentioned above, they should be delinked or crystallised as under.

   a) Sight bills - 10th day from the date of lodgement of documents by FLC opening office.

   b) Usance Bills - Due date (maturity date) in case such date falls on a Saturday/Sunday/ Banking holiday the delinking date shall be succeeding working day.

10. Devolved bills should be debited to operative account (126/09)

11. Delinking passing of accounting entries, and, collection of interest on devolved liabilities should be as per guidelines issued from time to time.

12. In case of early realisation of usance bills, proportionate interest for unexpired usance period / residual usance should be deducted from proceeds before effecting remittance.

13. After receipt of payment / acceptance, documents should be delivered to the customers against their acknowledgement. Duplicate set of documents, if any, may be delivered after receiving payment. Documents should not be delivered to third parties.

14. Delivery order/Shipping guarantee may be issued in case of arrival of goods before receipt of documents – subject to -

   a) Obtention of request letter as per proforma in the manual along with non-negotiable set of documents and cargo arrival notice.

   b) ensuring that shipments are not covered by Aid Import Licences.

   c) Scrutiny of non-negotiable set of documents.

   d) Receiving 110% of invoice value in case of sight LC and obtention of stamped indemnity in case of usance FLC.

e) Submission of Exchange control copy of relative import licence wherever applicable and appropriate control form A-1 duly signed by the customer.
Note: On receipt of documents Bill of Lading should be got exchanged with Shipping Guarantee.

15. Prescribed charges should be collected for issuing D.O / shipping guarantee.

16. Issue of delivery order/guarantee should be noted in the register and `C' category branches should inform FD/Fexcell.

17. Import licence register should be maintained for noting movement (including retention of expired/fully utilized licences)

18. Clearing-cum-liability register should be maintained wherever applicable.

19. If forward sale contract has been booked for the transaction, contracted rate alone shall be applied and Sale should not be reported in such cases.

20. Where release of document is effected against rupee deposit on account of non-availability of exchange rate, risk letter should be obtained.

21. Where the openers of FLCs obtain restraint order from the courts preventing Bank from making payment, branches should promptly forward notice received from Court to R&L Section and ICIF Section ID.

22. ***Capital goods imported under usance FLC should be adequately insured and Bank's interest should be noted in the policy and on the imported items.***

    If raw materials imported under usance FLC are declared/included in the stock statements (OCC/TFS), they should be treated as unpaid goods/under excluded category, and, drawing limit should be proportionately reduced.

23. ***Appropriate interest from date of reimbursement to negotiating bank to date of realization of advance bills / delinking should be collected wherever applicable . (Note: refer Bill covering scheme of Foreign Department / Foreign Bank to ascertain the date of debit to nostro a/c).***

B. 3. ADVANCE PAYMENT/COLLECTIION BILLS / MISCELLANEOUS MATTERS:

1. Advance remittances can be made subject to the following conditions viz.,

   a) Submission of Documentary evidence indicating the cost of goods and demand for advance payment.

b) Submission of EC copy of a valid import licence wherever applicable.

* c) Guarantee/standby LC from International Bank of repute if advance payment is more than USD 500000 (Govt. department/undertakings may obtain specific waiver from MOF, GOI)[ID cir.70/2008]

d) Physical imports should be made within 3 months (12 months in the case of capital goods) from the remittance and the documentary evidence should be submitted within 15 days from the close of the relevant period.

e) In case of import of capital goods, certified copy of importers contract with the supplier.

\- f) In case of import of books, a list of books to be imported should be obtained.

g) Remittance is made directly to the supplier.

h) In the event of non-import, amount should be repatriated to India.

2. TT selling rate should be applied for the transaction.

3.. Commission as applicable to import bill directly received by importers and other out of pocket expenses are to be collected.

4. Importers can avail of normal Trade Credit extended by overseas suppliers up to a maximum period of 6 months from the date of Shipment without RBI's approval.

5. Remittance on account of interest on all permissible imports may be made provided -

a) The interest being remitted is either for usance or overdue sight bills.

b) interest is for the period from the date of shipment till the date of retirement but not exceeding 6 months from the date of shipment.

Note: For import transactions involving remittance of interest prescribed :indemnity (duly / adequately stamped) should be obtained as a one time measure and kept with loan papers.

6. Where clearance of goods is taken up by the branch either in cases involving inland finance or at the instance of the customer, the clearing work should be entrusted to approved agents only after obtaining stamped risk letter from customers and obtaining or earmarking approximate amount

7. Freight certificate, wherever issued, should be in the approved format

8. Remittance towards import in non-physical form, import of designs and

drawings, gold/silver/platinum/diamond, import for merchanting trade etc. should be strictly in accordance with <u>specific ECRs</u> governing such transactions.

9. Import bills up to USD 300000 or its equivalent received directly from the overseas seller by importer, or by the branch (subject to obtention of report on each individual seller, from Overseas Banker or reputed credit agencies) should be handled as per guidelines on such transactions.

10.. ***Obtention of proof of import wherever applicable, maintenance of records thereof and follow up in case of non-receipt should be as per instructions issued from time to time.***

   a). Branches should issue acknowledgement in form IF (IMP) 1851.

   b) In the event of non-receipt of proof of import, branches should send first reminder in IF (imp) 1638.

   c) Second reminder in If (IMP) 1639 should be sent by registered post AD not later than one month from the date of first reminder.

   d) Third reminder in IF (IMP) 1639 should be sent by registered post AD not later than one month from the date of registered post AD reminder ?

   e) Branches should ensure incorporation of prescribed additional clause in IF 1638 and IF 1639.

   f) All out of pocket expenses for sending reminders should be collected immediately

11. Non receipt of bill of entry / evidence of import beyond cut-off amounts (One million USD at present) should be reported to RBI in half-yearly BEF statement before 15th July / 15th January. (applicable to branches designated to handle Import)

12. In case of High Sea Sales, copy of High Sea Sales Agreement should be obtained.

13. DO or shipping guarantee should not be issued for collection bills.

14. ***Acceptance of usance bill (collection) should be on the face of usance draft with the words "accepted. Payable at Canara Bank -----" above the seal and signature of the drawee (drawee should sign with date)***

15. Usance import documents received on DP terms should be released only against payment.

16. If import bills are paid out of EEFC funds / loan (buyer's credit / PCFC(I) commission in lieu of exchange at 0.150% should be collected.

Commission in lieu of exchange in respect of debits to EEFC Accounts for remittances in Foreign Currency is required to be recovered at 0.150% or at the rate of reduced Exchange Margin fixed by the Circle Office and the same is to be remitted to FD.

17. For handling import bills received on collection basis (FISC / FIBC), receipt of shipping documents should be ensured.

18 . All guidelines and precautions to be observed while handling inland bills (ISC / IBC documents), such as , balancing, maintenance of key register, surprise verification etc are also applicable to FISC / FIBC.

19. ***Delayed remittances towards imports should be supported by importer's letter / declaration giving reasons for the delay and branch official's approval / certification.***

20. Branches designated to handle imports should submit 'R' Returns promptly. (I O s should check whether submission of Return is prompt and up to date and also check Form A1 as per norms).

**** 21. Upto USD 500 or equivalent Form A 1 need not be insisted. (ID cir.65/07)***

C: REMITTANCES:

C. 1. FOREIGN CURRENCY DRAFTS/CHEQUES PURCHASED

Check whether _

1. purchases are within the delegated powers and recorded in Discretionary Advance Register and check whether permission from appropriate authority is obtained for transaction beyond branch powers.

Note: At present, purchase of personal cheques for amount exceeding Rupee equivalent of 25000/- is beyond powers delegated to officers up to Scale III

2. all sanction terms have been complied with., in case of regular limits

3. Request letter from the customer to purchase the instruments has been obtained or incorporated in the pay-in- slip.

4. Full details of instruments are noted in FCDB register.

* 5. Immediate credit facility is extended to foreign currency denominated in GBP &

EUR payable Bretain & Euroland respectively and sent on collection basis upto an amount equivalent to USD 10000 (ID cir. 106/07)

6. Interest postage and other charges have been collected as per norms.

(***Note: 1. Rate of Interest at present is 1.5% above BPLR***
2. Commission should not be collected)

7. Particulars relating to the remittance including purpose are obtained in IF 1646 wherever applicable.

8. Correct rate of exchange is applied and exchange rate & rupee equivalent noted in FDB register.

9. Request in prescribed format has been obtained for rupee advance against instruments non position currencies.

10. The amount of dishonoured instrument is recovered promptly with upto date interest and full details of such instruments are noted in cheques / bills dishonoured register.

11. Balancings are done on due dates, checked, tallied and authenticated.

C. 2.. FOREIGN OUTWARD SIGHT FOR COLLECTION :

Check whether –

a) Branch has ensured scanning of instruments under UV lamp.
b) Photostat copy of instruments are retained.
c) Balancings have been done on stipulated due dates, and, checked tallied and authenticated.
d) Applicable commission and other charges have been collected.
e) proceeds are adjusted promptly on realization.
f) compensation is paid in case of delay.
g) follow up for realization is prompt and satisfactory
h) prescribed undertaking has been obtained for crediting proceeds during waiting period.

C. 3. ENCASHMENT OF TRAVELLERS CHEQUES

Check whether

1. All sanction terms have been complied with in respect of regular limits.

2. Encashment is within powers delegated to branch.

3. Full details of the TCs, passport number, FCDB no. etc are noted in the debit slip and FCDB register.

4. TCs of approved Bank/Companies only are encashed.

5. TCs are encashed only to the original purchaser and not endorsee (except Hotels, Travel Agents, Restricted Money changers).

6.. ***Branch has adhered to procedural guidelines, to avoid encashment of forged / stolen TCs. (TCs countersigned in the presence of an officer only should be encashed)***

7.. Encashment certificates are issued in all cases , whether the party asks for it or not. and copies thereof preserved serially after noting details in register

8. a) Appropriate exchange rates applied at the time of conversion.
   b) purchases are reported to FDs.
   c) charges as per norms are collected for issuing encashment certificate.

Note: 1. No interest/commission/postage should be charged on encashment of TCs.

2. Proceeds of TCs can be credited to NR accounts only if tendered by NRI (and not by other including LA/PA holder)

C. 4. ENCASHMENT OF FOREIGN CURRENCY NOTES

Check whether -

1. Physical holding, if any, tallies with balances in F M Register and day book (comment on existence of cut/soiled/mutilated/defaced notes, and, coins if any)

2. Encashment is within powers delegated to the branch.

3. Encashment for customers holding restricted Money Changer Licence (issued by RBI) is within the sanctioned FCDB limit.

4. Currency Declaration Form (CDF) wherever produced are endorsed as per procedural guidelines, on its reverse giving number & date of encashment certificate. (If the entire foreign exchange covered by the CDF is encashed CDF should not be returned, and , currencies other than USD, GBP, EURO, should be handled only on collection basis.

5. Encashment is permitted to NRIs only when FCNs are tendered by them in person.

Note: If the tenderer is a foreign tourist or NRI on short visit, verification of passport is necessary. If the tenderer is a customer, passport verification is not necessary provided the proceeds are credited to his account.

6. CDF is obtained for amounts exceeding USD 5000 (or its equivalent), before crediting proceeds of Foreign Currency Notes to NRE / FCNR Accounts and a Photostat copy thereof retained (currency can be only if tendered by NRI personally and not by LA / PA holder)

7. Particulars such as name, address (local as well as overseas) , full particulars of passport, nationality, Currency note numbers and exchange rate are noted in the debit slip / FCDB register

8. Proper rate of exchange is applied and purchase reported to FD.

   Note: No interest, commission or postage is to be collected for encashment of currency notes.

9. Encashment Certificate is issued , as in the case of encashment of TCs

.

10. Currency notes are sent by Registered. Insured Post to respective FD (if upcountry branch), and , if hand delivered , check whether branch has adhered to security measures and limits, as applicable to local cash (INR)

11. signature of the officer in charge of Foreign Currency Notes at FD has been obtained on the duplicate of the foreign currency covering schedule. and such acknowledged covering letters are preserved with triplicate copy

12. there is any delay in handing over / sending currency notes to FD/FEX Cell

13. ***FCN received after business hours, is accounted as Late Cash (Fex Cells).***

C. 5. RUPEE DRAWING ARRANGEMENT

Check whether -

1. ***The branch has ensured that the drawings are as per arrangement and reported deviations, if any, to ID.***

2. DDs paid register IB (Rem) 298 is maintained. and details of DDs are noted

3. ***Branches with CCMS, have handled remittances received under EFT in accordance with guidelines thereon.***

4. There is any delay in crediting the proceeds of remittance received from abroad for want of particulars like name of the remitter, purpose etc.

C . 6. REMITTANCE (INWARD) - F I T T

Check whether -

1) Purpose of inward remittance is ascertained / I F 1646 obtained.

2) ***TTs paid register is maintained***

3) Compensation by way of interest at the rate of 2% above SB interest rate is paid for the delayed period ***if FITT voucher is not dispatched to beneficiary within three days from date of receipt of payment order or if amount received in INR or on conversion to INR is not credited /paid to beneficiary within ten days from date of receipt of payment order.***

4) ***Branch has ensured that*** the Rupee proceeds received from ID / FD / FEX Cell by way of Inland DD only,

5) Inward remittances received have been credited to beneficiary promptly ***Note : Should be certified by IOs (CHAPTER IV 6 C 6 of Inspection Report)***

6) Issuing duplicate FIRC whether guidelines as per ID Cir 43/2000 dated 24 05 2000 is being followed ? ***Issuance of FIRC and collection of charges, maintenance of records and issuance of duplicate FIRC if any, are as per guidelines.***

7) Issuing duplicate `SAMBA' draft, and noting stop payment instructions, guidelines are as per guidelines.

8) Instructions relating to provisions of Foreign Contributions (regulation) Act as advised by HO from time to time are duly adhered to before crediting proceeds of inward remittances to the Account of such beneficiaries'

C. 7. ISSUE OF FOREIGN CURRENCY TRAVELLERS CHEQUES (FCTCs)

Check whether –

1. ***FCTCs have been sold only to eligible persons.***

2. The branch has verified / ensured the following:

   a) ***Validity of permit, if any.***
   b) possession of valid passport and ticket for travel to the countries authorised in the passport.

   c) ticket is for a journey commencing not later than 60 days from the date of sale of foreign exchange.

   d) signing of Travellers Cheques issued in the presence of Bank's official.

e) ***Mode of receipt of rupee funds is as prescribed by ID***

- ***Cash > Rs.50000/- should not be accepted from customers***
- ***FCTC issuing office / branch should receive the amount from other branches by way of DD only.***

3) Declarations, Control Form and documentary evidence, wherever applicable, are obtained.

4) Physical stock on hand tally with the balance in travelers cheques stock control cum movement register (IB Gen 283). Quarterly confirmation with TC Issuing Company.

5) Stock of travellers cheques held is within the limits fixed by International Division, and ***whether excess holdings , if any, are reported to ID.***

6) Foreign Currency travellers cheques stock-cum-movement register (IB Gen 283), Foreign Currency Travellers Cheque single lock register (IB Gen 284), Foreign Currency travellers cheques issued register (IB Gen 285) are maintained properly and uptodate.

7) ***Appropriate exchange rate is applied.***

8) Surprise verification of stock of travellers cheques is done as per the guidelines. ***Balancings are done on due dates and*** certificate thereof submitted to ID.

9) Particulars like rate. rupee equivalent, passport number and date are noted in the register.

10) Branch has adhered to Exchange Control Regulations

11) ***Exchange released under delegated authority is noted in ECDPR***

12) Appropriate commission on the rupee equivalent has been collected at the time of release of Foreign Currency Travellers Cheques.

13) Quarterly Confirmation of holding of Foreign Currency Travellers cheques is obtained periodically from respective banks.

C . 8 . ISSUE OF FOREIGN CURRENCY NOTES

Check whether –

1) Rate applied and rupee equivalent are correct

2) Surprise verification of Foreign Currency notes held has been done.

3). Submission of Certificate of holding of Foreign Currency notes is prompt and up-to-date.

4) a) All Foreign Currency notes irrespective of denomination are held in Double lock.

b) Holdings are within limits and transgressions if any have been reported to ID.

5) Sale of foreign currency notes is informed to respective FDs wherever applicable.

6) Exchange in the form of currency is limited to USD 2000 or its equivalent subject to the travellers overall foreign exchange entitlement.

7) a) Foreign Currency Notes held by Designated branches are valued at the rates advised on the last working day and the rupee equivalent updated accordingly.

b) The difference between the rupee equivalent appearing on the register and the valuation rate is credited or debited to commission exchange account.

C . 9 . OUTWARD REMITTANCES (FDD & FOTT)

Check whether

1) Branch has adhered to instructions on mode of receipt of rupee funds from customer and mode of remittance to FD

2) Foreign money released is within prescribed limit (At present USD 2000 except in case of travel to specified countries).

3) Remittance in any form towards participation in lottery schemes or lottery like scheme has been permitted (Such remittances are prohibited)

* 4) Remittance of sale proceeds of Immovable property acquired out of rupee funds is permitted upto USD one Million per fin. Year for any bonafide purpose, out of balances in their NRO account. No Lock in period. Details to be reported to RBI within 10 ,days of the reporting quarter. (ID cir. 8/07)

* 5) The remitter of Forex is required to submit an undertaking to AD in the format prescribed by CBDT at the time of making the remittance to non-resident, including the remittances which are in the nature of trade transactions such as import payments.

4) ***Exchange released is within limit stipulated for the purpose (advised by RBI from time to time)***

NOTE: Limit at present for some of the purposes (most commonly sought) is as follows.

Liberalised Remittance Scheme (LRS) for resident individuals is enhanced to USD 2,00,000 per Financial Year. The applicant should have satisfactory dealings with us for not less than one year and KYC & AML guidelines are complied with. (ID cir. 93/07)

Facilitating Emigration	*USD 100000*
Employment Abroad	*USD 100000*
Studies abroad	*USD 100000 (per academic year) or estimate from the institution or university whichever is higher*
Gift/Donation	*USD 5000 per remitter / donor per calendar year*
Private visits (earlier known as BTQ)	*USD 10000 per calendar year*
Maintenance expenses (of close relatives abroad)	*Amount not exceeding net salary of remitter or USD 100000 per year per recipient*
Business Travel/attending conference or training/ maintenance expenses of patients going abroad for treatment or check-up and persons accompanying such patients.	*USD 25000 per person irrespective of period of stay.*
Medical treatment abroad	*Estimate from doctor/hospital (upto a maximum of USD 100000 based on declaration in the absence of estimate).*

D. GUARANTEES & FORWARD CONTRACTS

D . 1 . FORWARD CONTRACTS

Check whether –

01. stamped application in IF GEN 1750 or IF GEN 1751, along with the documentary evidence for exposure in foreign exchange is obtained

02. relative contract notes in (IF1794/1795) duly acknowledged by the party are available with the applications.

03. contracted rate is applied and delivery (of funds/documents) is noted in the cards

04. Forward Contract register is maintained with all requisite details.

05. Any forward contract has been booked where sight documents under FLC HAVE already been received.

06. Original documents are scrutinised by the branch and copy there of retained after making endorsement obtained from the client that the same underlying exposure has not been covered with any other authorised dealer. Has the branch obtained annual certificate from the client's auditor to the effect that the aggregate of forward contract booked or outstanding did not exceed the value of the underlying contract at any point of time ?

07. limits fixed based on past performance and utilization thereof are in accordance with guidelines.

* The Exporter/Importer can book Forward Contract based on past performance upto 75 % in excess of the eligible limit but the same should be on **deliverable basis & hence cannot be cancelled. (ID cir.49/07)**

Note: Clubbing of limits under import/export and reinstatement of cancelled amounts are not permitted,

* SME & Resident individuals can book Forward Contract without production of underlying Documents upto USD 1,00,000 based on self declaration. Maximum Tenor is one year. Application cum Declaration as per format in Annexure II of ID cir. 100/2007..

08. utilization thereof are in accordance with guidelines - forward contract liability register is maintained party-wise, and uptodate.

09. booking/cancellation/rebooking are as per guidelines

Note : Following are not permitted

- Reinstatement of amounts cancelled under limit based on past performance
- Booking forward contracts for balances in NRESB
- Cancellation of forward contracts booked for EEFC funds
- Rebooking of contracts cancelled by NRI.
- Rebooking of forward contract for import except in specified cases

10. forward contracts booked is within the delegated power/limit.

11. cancellation or early delivery is reported to FD / ID and details are furnished in IF (GEN) 1854 (Forward Contract SWAP CHARGES) and applicable Swap Charges, etc., as advised by FD / ID are collected without fail

12.. swap cost and interest on outlay of funds, if receivable from the party, are collected upfront, i.e., on the date of cancellation / early delivery, and, if payable , are paid only on the due date of the contract

*13. Deligation of Powers for booking of Forward exchange contracts & FC rupee Options :

a. Manager in charge of the branch	: Rs. 50.00 lacs
b. Senior Manager-in-charge of the Br.	: Rs. 150.00 lacs
c. Sr. Manager of VLB / ELB	: Rs. 200.00 lacs
d. CM / DM	: Rs. 400.00 lacs
e. AGM	: Rs. 1500.00 lacs

NOTE : TAX SHOULD BE DEDUCTED AT SOURCE FROM SUCH AMOUNTS PAYABLE TO NRIs

*14.Overdue Forward contracts are automatically cancelled on 7 th working day after Maturity Date. (Enclose list of overdue contracts). [ID 28/07]

15.outstanding contracts are balanced and tallied on due dates (monthly last day)

16.separate records are maintained for forward contracts under limits based on past performance. Verify records and comment on -

- ***Correctness of limit fixed***
- ***Obtention of declarations and undertaking***
- ***Adherence to other instruction regarding limit viz., tenability, renewal, sanction by appropriate authority, ratification/permission for transgressions if any, utilization or cancellation of contracts.***

1 **NOTE: 1) LIMITS ARE FIXED FOR THE FINANCIAL YEAR**

2) AMOUNTS CANCELLED/UTILISED CANNOT BE REINSTATED.

D . 2 . FOREIGN INWARD GUARANTEES

("C" Category Branches are not authorised/permitted to issue Foreign Inward Guarantees).

Check Whether –

01. the authenticity of the request has been verified/genuiness ensured

02. limit for the particular bank/branch has been got fixed.

03. the counter guarantee has been received from the particular bank/branch.

04. the guarantee is properly scrutinised with reference to period, amount, protective clause, claim period, and it is ensured that guarantee does not contain any clause

which is ambiguous or onerous and clauses contrary to Exchange control regulations in force at the time of issuing FIG.

05. prior clearance from ID Mumbai is obtained where period of guarantee is beyond 3 years.

*06. The original request received from the correspondent bank ,along with the copy of Guarantees issued should be preserved in Double Lock.

*07. As per URDG – ICC Publication No.458, the Outward / Inward guarantees should contain the Clause that " the Guarantee / Counter Guarantee so issued is subject to Indian Laws." (ID cir. 71/2006)

07. extension/enhancement/amendment etc., are as per guidelines.

08.Claims not settled by bank abroad are reported as per guidelines

FIGs issued against the counter guarantee of :	Charges :
a) any of our corr. Banks ranked withinthe top 500 by "the Banker's Almanac " of London in their July issue every year.	0.080 % per month for the specified period of liability and where the gua-Rantee period is less than three Months, commission recoverable will be 0.25 % of the guaranteed amount.
b) Any other correspondent	0.125 % per month for the specified period of liability and where the guaramtee period is less than two months, commission recoverable will be 0.25 % of the guaranteed amount.

06. Comment on the following :

a) Collection of commission.
b) Maintenance of records / registers for noting the full particulars of inward guarantee, correspondent bank's liability etc.,
c) Balancing and tallying on due dates, and submission of periodical returns,
d) Diarising of due dates of guarantees, follow up of expired inward guarantees, reversal of entries,
e) Adherence to guidelines on handling and reporting of invoked guarantees, claim settlement and maintenance of records thereof.

D . 3 . FOREIGN OUTWARD GUARANTEES

Check Whether–

01. guarantee issued is backed by sanction from competent authority and relevant sanction terms and conditions complied with.

02. appropriate loan papers, counter guarantee and margin as per sanction are obtained
* (Appln. In IF-1666 to be obtained in triplicate.)

03. guarantee has been issued in the format approved by competent authority and after ensuring that it does not contain any clause which violates exchange control regulations.

*04. Every Foreign Outward Guarantee should have a definite Clcim period, not exceeding 15 to 30 days, for preferring claim by our correspondent bank.

04. advance payment guarantee is made operative only from the date of receipt of funds, if amount has not been received at the time of issuing the guarantee

05. specific clauses relating to non-assign ability, non transferability and jurisdiction are incorporated in the guarantee

06. counter guarantee obtained for issuing guarantees with automatic renewal clause contains requisite additional clause.

07. guarantee commission and out of pocket expenses collected are as per
* instructions. (Refer Sch. Of Charges in Page 49 to 57 in BPC on Foreign Guarantee – updated till 28-02-2003) In case of bid bond cum Guarantee wherever 25% of commission is collected at the time of issuance, differential amount should be collected when bid materializes.

07. maintenance of records, balancing and tallying and review of outstanding guarantees are as per guidelines

08. follow up of expired guarantee is adequate and reversal of entries are as per procedural guidelines.

09. branch has adhered to guidelines on invoked guarantees including reporting and maintenance of records thereof

10. Comment on maintenance of contingent liability.

GENERAL MATTERS

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GENERAL MATTERS

CHECKLIST FOR I.O.s ON THINGS TO BE DONE ON THE DATE OF COMMENCEMENT OF REGULAR INSPECTION

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1. Be in the branch atleast 30 to 40 minutes before branch time.
2. Verify whether branch is open and if so, whether any officer is present. Premises keys should not be handed over to PTE for cleaning without the presence of branch officials.
3. If branch is not open, try to make some market enquiries discretely as to the time of opening of the branch daily. During the interaction with the public, many informations will flow.
4. Verify Security Drill aspects in terms of ITIO 66/2006
5. Check the alarm panel; whether alarm switch is in `night' mode.
6. Check whether UPS room and Server Room are kept locked.
7. Verify whether the authorized persons are holding the cash keys; whether the branch manager is having permission to handover the I key to others and whether the said permission is in force;
8. Call for the safe deposit receipt for keys from Manager and verify whether it is kept easily accessible to other officers and whether they are aware of the place where it is kept; Verify whether keys have been exchanged once in 2 years.
9. Verify staff punctuality and check attendance register.
10. To do at double lock :
    - A] Check cash (D.L., S.L., Late Cash received/paid register) and verify with Daybook. In the case of 12 hour banking branches, check cash kept outside Cash Vault but in FBR safe.
    - B] Check all the contents in Double Lock.
    - C] Verify whether undelivered ATM cum debit cards are kept inside cupboards or in the open trays.
    - D] Verify vacant locker position vis-à-vis locker keys; one set of Master keys only should be available. Two sets should have been kept with the other branch/bank.
    - E] Verify ISC/FISC bills, if any; in the case of ISCs, look for Consignee Copy of LR/RR and in the case of FISCs, look for all the 3 originals of the Bill of Lading.
    - F] Look for missing tokens and verify whether reporting is done to RO/CO . Register/display of missing tokens with the cashier.
    - G] Verify Tappal cash, stamps, adhesive stamps.
    - H] Verify Safe custody articles, PDCs,
    - I] Verify GL packets with balancing report, traywise control sheet, Movement Register etc. All should tally. If difference is observed in Movement register, request the branch to get it tallied on the same day.
    - J] Verify Power of Attorney of branch officials, Specimen Signature booklet supplied by the bank, specimen signatures of RBI officials
    - K] Verify security items with the balancing book and control register; Ensure

that no security item is kept outside the cupboard. ; verify the single lock box containing security items for day to day use. Verify whether monthly balancing of high value securities is done.

L] Verify all agreements like Premises , Generator, NNND, Jewel Appraiser Etc. kept in the double lock.

11. Whether monthly/quarterly verification of cash and securities were done by RO/by branch in charge, as the case may be.
12. Verify ATM Cash and ensure that it tallies with Daybook and ATMC. Whether journal print outs are taken and preserved on daily basis. Whenever differences are noticed, whether branch is noting down in the book promptly.
13. Report to Z.I. about the commencement .
14. Commencement letter is to be sent to –

    - to the branch – include a clause to ensure completion of interest checking and all balancings
    - IF section – include a clause to inform pending/ carry over remarks and date of closure of previous inspection
    - RO – to include a clause to arrange for reappraisal of jewels.
15. Take Xerox copies of all statistical pages from the main report and Status Report of RBIA with a request to return the same duly filled, specifying the date.
16. Request the branch to keep ready the following items by the evening of first day itself : (all reports as on the previous day)

    Day book
    Consistency Check reports for SB, CA, term deposits, minor subsidiaries
    Schemewise balancings
    All manual balancings
    Detailed balancing of all heads of accounts viz. SA BAA SL SD IC IP COMM GC
    List of TODs
    List of expired limits
    Files pertaining to Previous regular inspection, IS audit, concurrent audit, RBI inspection reports and any other special inspections conducted during the review period.
    Interest dump for all quarters/months for the review period is generated and checked, If not inform the position to the concerned RO/CO.
    GL Alert Report (GL604)
17. Now proceed for preparation of Mandays Assessment Sheet (MAS)

The above list is only illustrative and not exhaustive. Inspecting officers are requested to use their ingenuity and experience in such matters.

1. CASH

Check whether -

1) a) Physical holding in double lock and single lock tally with Cash Register and Trial Balance.
   b) Physical cash in ATM tallies with report generated at the time of inspection.
   c) Total of cash and stamps tally with balance in tappal register.
   d) Foreign currency notes, if any, are properly accounted and physical holding tallies with Foreign Money Register. To check whether holding is within the limit permitted.

2) a) Surprise verification at irregular intervals has been done and details recorded in NB 9.

   b) Certificate/s thereof are available.

3) Accounting of excess cash is as per guidelines and whether amount outstanding at the end of the year is transferred to commission account. **BRINSP - 3714**

4) Shortage, if any, is recovered on the same day as per norms **and reporting done as per -HO Cir 95/08 dated 10-04-08.**

5) Cash taken out is noted in D/L Register (NB 26) and delivered to the cashiers in locked boxes and the same is noted in red ink in the Shroff Book and signed / initialled by the shroff as well as one of the key holders

6) Cash is received / delivered from / to key holders/officers against proper acknowledgement and proper entries are made in registers under the signatures of key holders/shroff.

7) **double lock keys are kept with authorized officials only and proper record is maintained while handing over the keys to other officials.**

8) Shroff Book is maintained properly and numbering and movement of vouchers relating to cash receipts and payments are as per procedure ?

9) Adequate safety measure is taken while carrying cash from safe room to cash cabin and vice-versa

10) Security arrangements in the cash section are adequate

11) All the precautions are taken by the shroffs for getting the notes packeted and stapling of packets avoided. **BRINSP - 3707**

12) Late cash receipts are entered in cash suspense book (NB 108) and cash register NB 9 with due authentication and accounted for as first cash receipt on the next working day

13) a. There are proper arrangements for disposal of surplus cash and whether the branch follows necessary safety measures and procedures while remitting cash.

b. Adequate precautions are observed while remitting cash by a private taxi (HO Cir 160/07 dated 05-06-07 and 211/08 dated 06-08-08).

14) Branch is exchanging cut and mutilated notes and whether notice/poster has been displayed regarding facilities provided for exchange of soiled / mutilated notes **BRINSP - 3769**

15) Mutilated notes are also accepted on collection basis and whether a register for this purpose is maintained

16) Duplicate keys of the safe and single lock are lodged another local branch or Bank and exchanged with originals as per procedure .

17) "Safe custody receipt" for the above is in the personal custody of the Manager or Senior Manager and the conditions of withdrawal are properly noted therein.

18) Cash receipt / delivery book is maintained to record transfer of cash between two cashiers.

19) cashier or payment cashier maintains list of lost tokens and updates it at periodical intervals.

20) a) Cash counting machine is provided

b) If yes – whether it has digital display unit for view by customer and usage of machine in accordance with guidelines.

21) a. **Cash transaction report (CTR) submitted on monthly basis to RO / CO and suspicious transaction report (STR) submitted as and when same is warranted (HO Cir 189/06 dated 03-07-06 and 282/07 dated 05-10-07). BRINSP - 3721**

b. Cash deposit /withdrawal Rs.10 lakhs and above are recorded in a register and statement to be submitted to controlling office on a fortnightly basis (HO Cir 07/08 dated 05-01-08). BRINSP - 3721

22) Permission for handing over 1st set of keys obtained from **RO /CO and permission letter received filed with Safe custody receipts. BRINSP - 3732**

23) Shroff / Supervisor are signing in full on paid instruments, cash receipts / counterfoils.

24) Cash received / cash paid rubber stamps are kept under lock and key after office hours. **BRINSP - 3722**

25) a. Branch has ensured adequate security measures while remitting cash to Accounts Section/Currency chests/other branches / RBI / SBI.

26) Currency Notes are sorted every day into issuable & non-issuables before packetting them (COMMENT ON THE QUALITY OF NOTES SORTED OUT AS ISSUABLES)

BRINSP - 3707

27) required records for cut and mutilated notes. are maintained

28) Cash paid vouchers are kept in double lock duly stitched and inward / outward movements are recorded in a register under authentication of the key holders. **BRINSP - 3704**

29) inward cash remittance of Rs. one lakh, Rs. five lakhs and Rs. ten lakhs received from small, medium and large branches respectively, are reported to RO by way of

enclosure to weekly RBI statement

30) a separate ATM Cash Register is maintained

31) payments made to persons who have lost token., is as per procedure **BRINSP - 3723**

32) the branch has adhered to guidelines on handling unclaimed cash / cash left by oversight and other items found in office premises. **BRINSP - 3724**

33) PAN (and proof thereof) or Form 60 / 61 obtained for cash receipts above Rs.50000/-, details recorded in the register and half yearly statement submitted

Note: Report non-compliance, under Part B (IT Rule / Act)

34) there are instances of lifting cash from customers premises (Report under Part B since this is violation of Banking Regulation Act)

35**) Any instances of forged notes detected and impounded, if so, whether monthly statement submitted.(HO Circular 317/06 dated 24-11-06)**

36**) Cash handling charges collected (HO Cir 13/08 dated 12-01-08*).***

2. ATM / DEBIT CARDS

(CHAPTER III 5.3.1.e of Inspection Report)

2. A. Issue of Cards

Check whether -

01. The application forms (ATMC-2) are filed separately and preserved under lock and key.

02. All such applications are inwarded in register ATMC-8.

03. Permission from appropriate authority is obtained on the eligible application forms itself.

04. indent for debit cards- data to be sent through e- mail in DBF format.

05. Applications are retained at branch level and kept under dual control.

06. Letter of rejection ATMC-3 is sent to the ineligible applicant duly noting the fact of rejection in ATMC-8 register.

07. Details of ATM Cards received along with the PIN cover are inwarded by the Branch in ATMC-8 register?

08. The ATM Cards and PIN covers which are yet to be delivered to the applicants are treated as security items and are preserved under dual control. (Applicable for encrypted cards, hotlisted cards / retained cards, cards returned for cancellation).

09. Branch is prompt in recommending new card for the customers who are holding cards with damaged magnetic stripe.

10. The customers are provided with ATM card user guide at the time of delivery of the card.

11. ATM – Cheque deposit facility is introduced and sign board/sticker is displayed inside the ATM cabin (HO Cir 43/08 dated 14-02-08).

12. Debit card on line data entry package (Cir no.243/2008).

2. B. Hotlisting

Check whether –

01. The intimation received from card holders about their loss of card, etc. are recorded in Form ATMC-6 and whether the signature of the card holder is obtained therein. One copy of the same is sent to the actual card issuing Branch and one copy to ATM Cell.

02. Register ATMC-12 is maintained by the Branch to record hot listing of cards.

03. All the hot listed card details are entered in the console attached to the ATM by the Branch ATM-in-Charge.

04. Hotlisting / delinking of ATM cards is done by the branch immediately on receipt of the communication from Cardholder/other Branches.

05. Hotlisting / delinking particulars are promptly conveyed to ATM Switch room.

2. C . <u>Disposal of cards retained by ATMs</u>

Check whether –

01. Branch has exercised necessary care in disposing of cards retained by the ATM ,, that is, **BRINSP - 3717**

a. returned the cards to the card holder after establishing identity by verifying
his / her signature. AND

b. destroyed the card after recording full details in ATMC-12 register, if hotlisted.

c. inactivated cards got reactivated duly after receiving request letter from card holder.

2 . D . <u>Replacement of cards :</u>

Check whether -

01. Old card is obtained back and destroyed

02. appropriate charges have been collected.

03. Old card is delinked from the system.

04. formalities applicable to new ATM card are observed for replacement

of card.

2. E. Intimation to Cardholders :

Check whether -

01. Intimation to collect the cards, is promptly sent to customers after making entries in inward register.
02. The ATM cards are properly linked to the respective accounts only at the time of delivery. The cards are delivered to the customers without any delay.

2. F.. ATM Cash

ATM Cash tallying (HO cir 66/08 dated 14-03-08)

Check whether –

01. the branch has maintained a separate ATM Cash register (to be maintained by the Officer-in-charge of ATM). **Operations shall be under dual control (Manager and Officer)**

02. the cash required for ATM is taken out from double lock, separately noted in the double lock register by **supervisor in charge of cash and the same is to be authenticated by obtaining signatures of the key holders of ATM** and simultaneously noted in ATM cash register. and such cash is immediately deposited in ATM Chest

03. the cash position in ATM Chest is monitored and cash report is generated from the ATM for this purpose.

04. physical verification of cash in ATM is done as part of Cash closing activity and cash balancing in form ATMC 14 is taken and tallied daily

05. the balance cash left in ATM Chest tallies with the balance shown in the ATM generated report

06. in case of discrepancies reported by card holders regarding excess / short dispensation of cash by the ATM, the details of such complaints are recorded in register ATMC-10 and promptly attended to and rectified .

07. sufficient cash is loaded in the ATM. and currency notes are fanned before loading the cash in the ATM , to ensure that soiled notes / notes with staple pins / stickers etc are not loaded.

08. ATM cash balance in system tallies with the Day book ATM cash balance.

2. G . . Maintenance

Check whether –

01. Sufficient stock of journal printer paper, receipt printer rolls and printer ribbons is available in the branch.

02. Branch Officials are completing the ATM daily service within 10-15 minutes ? Whether the currency cassettes are closed properly after attending to the daily service.

03. Write up/boards/stickers (user instructions) are properly displayed in the ATM lobby.

04. ATM access lock is working properly.

05. Telephone is available in the ATM ante-room (back side room of the ATM) for contacting the ATM switch room / central router location.

06. Name and telephone number of the in-charge of the branch is displayed in the ATM lobby.

07. A list containing names of the nearest ATM locations (approximately 5-10) is displayed in the ATM lobby for use of customers in case of failure of the ATM.

08.Any unauthorized notices are posted on the ATM/ATM Room

09.All precautionary measures are taken to avoid skimming of ATM/DEBIT/CREDIT CARDS (HO Cir 255/06 dated 16-09-06)

2. H. Reconciliation and FTR

Check whether –

01 the branch is prompt in sending reconciliation files.

02. FTR (Failed Transactions Report) is taken on a daily basis and entries therein , taken care of manually. **(CBS –AT 600 and IBBS- ATM 330) BRINSP - 3718**

03. FTRs, duly scrutinized and authenticated by the manager have been properly filed. and preserved

04. *PRR 14 B has been submitted promptly and uptodate.*

Renewal of Debit Cards – HO Cir no.307/2008.

3. OUTWARD TAPPAL :

Check whether –

1) . Cash drawn for purchase of stamps etc., are duly authorised and accounted for in the tappal register on the same day.

2) Totals, carried over balances, and brought forward balances noted in the tappal Register are correct.

3) The cash on hand and stamps with the tappal clerk are checked periodically at irregular intervals and certified.

4) Eligible rebate for franking machine is claimed from the Postal Department.

5) Postal receipts in respect of registered/insured articles and telegram receipts are properly filed after noting in the Tappal Register. **BRINSP - 3725**

6) "Test check of postage" noted in the register for registered articles is made and found properly charged.

7) In respect of telegrams sent, entries in the Tappal register have been counter checked with those in telegram outward register and found correct.

8) Dispatch of articles is being attended to promptly on daily basis and checked by a Supervisor daily and whether signature of the messenger who takes outward tappal for posting is obtained in the tappal register **BRINSP - 3725**

9) a. Branch has engaged services of courier agencies approved by CO / ID, **only closed covers are handed over to the courier agents; proof of delivery received and preserved** and service charges paid are in accordance with guidelines. **BRINSP - 3726**

10) There is proper follow up of VPP Post and remittance is correctly accounted.

4. ACCOUNTS WITH BANKS

1) Does the Branch maintain current account with any Bank ? If yes, specify the name and Branch of the Bank . **BRINSP - 3727**

2) Has the branch taken effective steps to adjust long outstanding items or differences, if any ?

3) Test check entries pertaining to deposits to and withdrawals from the account with entries in the subsidiary and Pass Sheet and comment.

4) a. Are counterfoils of remittances made to Bankers Account (both cash & cheques) preserved with the relative slips ?
b. are unused cheque leaves are preserved in dual custody.

5) Has the branch followed procedural guidelines on discounting of TTs with SBI and other Banks ? **BRINSP - 3730**

6) Is interest paid or claimed on account of delay in TT remittance as per procedure.? **BRINSP - 3730**

7) Are operations in the account as per guidelines? (Bankers account should be operated jointly by two PA holders. Exceptions being with specific permission from MIPD Section, where branch in charge is the only PA holder and in cases of transactions up to Rs.50,000/-)

8). Is submission of PRR 14 prompt and up to date ? NOTE: Monthly PRR-14 should have a certificate of verification of pass sheet entries with Bankers subsidiary, Branch Adjustment Misc., TTs and Bills purchased on account of TTs discounted.

5. INWARD BILLS FOR COLLECTION / INWARD SIGHTS FOR COLLECTION

(IBC / ISC)

Check whether -

1) balancing has been done on due dates , tallied, checked and certified **BRINSP - 3770**

2) key register is maintained and certificates re: balancing and surprise verifications, if any, are recorded in the register **BRINSP - 3734**

3) the number of bills on hand tallies with Key Register **BRINSP - 3770**

4) acceptance / due date and non-acceptance / non- payment of bills are promptly
advised to the lodgers **BRINSP - 3770**

5) the lodger's instructions regarding notifying lien, returning of bills etc., are correctly noted and acted upon **BRINSP - 3770**

6) retirement of Bills for Rs.50000/- and above is through cheques only **BRINSP - 3770**

7) correctness of commission , postage and other charges collected

8) concerned clerk's acknowledgement is obtained in the ISC register for bills handed over to him / her for lodging **BRINSP - 3770**

9) a) parcels are held in strong room and parcel register is maintained. **BRINSP - 3735**
   b) godown rent has been collected at stipulated rate **BRINSP - 3735**
   c) parcels on hand tally with the Register. **BRINSP - 3735**
   d) both the key holders have verified physical availability of parcels as on 15th of every month and last working day of March & September and also confirmed the same by authenticating the outstanding balance in NB 97 **BRINSP - 3735**

10) drawee's signature is got attested by his / their bankers before delivering documents against acceptance or free of payment, i

11) all documents are held in double lock overnight and held under the custody of the supervisory staff during the working hours **BRINSP - 3770**

12) notices as per lodger's instructions are sent to railway authorities where goods are consigned to notified railway stations,

13) In respect of discounted items of our Branches which are long overdue, check whether -

   a) LRs are in the approved format and Bank is named as consignee and also a specific endorsement in favour of the Bank

   b) Goods are available with the lorry company and in case of shortage of goods ,check whether complaint has been lodged.

14) branch is mentioning the reference number along with the Bank's name in the drafts sent in realization of instruments received from other Banks **BRINSP - 3734**

6. OUTWARD BILLS FOR COLLECTION / OUTWARD SIGHTS FOR COLLECTION (OBC / OSC / FOBC / FOSC)

Check whether -

1) balancings have been done on due dates, tallied , checked and authenticated

2) commission, postage and other charges, if any, have been collected promptly and correctly (if branch is computerized, check parameters and comment)

3) the branch has collected instruments like cheques / refund orders / dividend / interest warrants for accounts of Societies, where Society is not the payee

4) bills are lodged and despatched promptly and whether bills accompanied by LR / RR are invariably sent by Regd. Post

5) acceptance / non-acceptance / due date / non- payment are promptly informed to the lodgers

6) follow-up of pending items is effective and up-to-date

7) interest is paid as per norms for delayed collection of cheques / drafts etc, that is, .beyond 10 days from the date of lodgment in case of instruments drawn on State head quarters (other than State capitals of NE Region) and beyond 14 days in all other cases. **BRINSP - 3772**

8) interest paid for the delayed collection of foreign currency instruments as under:

Personal cheques, drafts payable in the currencies of the country / other than the country & payable in India if not realised within 21, 45 & 15 days respectively. **BRINSP - 3772**

9) collection of local non-clearing cheques is as per prescribed procedure

10) the branch has adhered to guidelines on delivery / dispatch of returned cheques.

11) the branch had credited the proceeds of a/c payee instruments only to the accounts /parties on which it was drawn and not other wise.

12) <u>Cheque colletion policy of our Bank (Cir no.254/08)</u>

7. CLEARING & L C C R:

Check whether the branch has

1. *Monitored balances in the clearing House a/c and taken timely and appropriate action to adjust the position (adverse / favorable).* **BRINSP - 3729**

2. *Collected handling charges for both outward and inward clearing cheques returned for want of funds.*

3. *Collected interest on outlay of bank's funds, wherever applicable*

(Note : products adjustment register should be maintained for OD / OCC accounts)

4. *Debited inward clearing cheques to respective accounts on the same day of receipt / presentation. If not, check whether branch has maintained register for recording details thereof viz., date, amount, reason/s and reference No. of permission obtained from RO / CO. (Note: cheques should be debited on the next working day as the first entry of the day duly ensuring that no legitimate income to the Bank is lost).*

5. *Adhered to procedural guidelines on cheques for collection received from upcountry branches (applicable to main branches in the town / city).* **BRINSP - 3728**

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6. *Debited / credited clearing difference to SA / SL and reported the outstanding amount in PRR 18.* **BRINSP - 3715**

7. *Adjusted long outstanding small amounts of clearing difference as per RBI guidelines.*

8. *Adhered to guidelines on write back / write off of long outstanding items under SL / SA (clearing difference).*
9. Electronic clearing services – Debit clearing Management (Cir no.307/2008).
10. Speed clearing facility (Cir no.51/2009).

LCCR:

Check whether

1. *Accounting entries are as per guidelines* **BRINSP - 3728**
2. ***the LCCR account entries with Account Sections statement are reconciled on a weekly basis (HO Cir 94/06 dated 05-04-06).*** **BRINSP - 3728**
3. ***accumulated balances in LCCR accounts at Account Sections is transferred to branches and the same is responded by the branches within 2 days.*** **BRINSP - 3728**
4. *Necessary adjustments / rectifications are effected as and when informed by Accounts Section/Internal Control Section*

5. Reconciliation and submission of PRR 14 A is prompt and uptodate.

8. SUNDRY ASSETS ACCOUNT

Check whether -

1. long outstanding items (including advance payment, clearing difference etc.) , if any, are followed up promptly **BRINSP - 3708**

2. all the receipts for the deposits made with P & T, Electricity Boards, Water supply Department, Rent advance etc. are preserved / available

3. debits are for permitted purposes only and have been authorised by Manager / Officer **BRINSP - 3122**

4. follow up register for long pending items (beyond 90 days) is maintained and such items followed up regularly **BRINSP - 3708**

5. monthly review return has been compiled as per guidelines , and submitted promptly and uptodate

6. physical stock of stamped agreements / Non-judicial stamp papers tallies with SA - Stamps

7. TA / LFC / livery advance to employees is allowed only after obtaining request letter (list out long outstanding items, if any and comment on steps taken by the branch for disposal as per guidelines)

8. there are any clearing differences yet to be located and furnish details thereof

9. effective follow-up steps have been taken for adjusting Clearing differences located, but pending for want of assistance from other Bank / branches

10. a) Library Books are purchased only with prior permission from H M & L Section

    b) Library Register and Library Books issued Register are maintained.

    c) all books as per register are physically available / have been accounted properly , and, whether total number of books tallies with balance outstanding under SA - Library

11. the account has been utilised for granting any temporary accommodation. **BRINSP - 3122**

12. there are any entries representing differences in balancing of books / clearing transactions.

.

13. all capital items procured have been capitalised ; if not capitalised, ascertain the reason for not capitalising and report). **BRINSP - 3713**

9. BRANCH ADJUSTMENT ACCOUNT

Check whether -

1) the account is balanced on due dates , tallied, checked and authenticated

2) the debits are for permitted purposes only and duly authorised

3) long outstanding entries , if any, are followed up regularly and effectively **BRINSP - 3708**

4) a) monthly review return has been compiled as per guidelines, and, submitted promptly and up-to-date

b) pending cash BARs, if any, are reported separately in PRR 5A

5) inward register for BARs is maintained

6) there are any instances of double credit of TTs ; if yes, check whether amounts have been recovered with applicable interest

7**) BAA –SFMS head is discontinued.(HO Cir 167/06 dated 05-06-2006)**

8) Verify –

a) Whether branch has taken required follow up action with the originating branch in case inward BARs are not responded for any reason

b) Debit entries under bills realised at branches with reference to relative telegram to ensure genuineness of such entries.

c) Credit entries under bills realised at branches with reference to relative branch advice to ensure that the credit is not otherwise than by way of realisation of proceeds through branch advice.

d) Whether items sent in outward clearing are immediately adjusted

<u>Check whether consolidation of Periodical Review returns on Internal Control adopted in Small / Medium sized branches as per HO Cir. 147/2009 dt. 22.04.2009</u>

10. HO A/c / INTER BRANCH ACCOUNT RECONCILIATION / DDs / POs

Check whether -

1. *the branch has ensured correctness of codes at the time of originating / responding branch advices.*

2. there are any originating debits except for transfer of "loss" as on 31st March and half yearly transfer of new DD balance.

3. adjustment entries made are as advised by the IBAR Section (Test check summaries at random for correctness of debits, totals and closing balance)

4. issue and despatch of branch advices is done promptly (Test check and record observations / remarks) .

   HO credit advices (IBAs of 50.00 lakhs and above) are sent through SFMS only to SFMS enabled braches irrespective of nature of transaction (HO Cir.315/07 dated 07-11-07)

   IBAs pertaining to realization of collection items are to be sent through SFMS irrespective of amount (HO Cir 3/08 dated 01-01-08).

5. a) branch advices are responded / adjusted promptly

   b) signatures in IBAs of Rs.1,00,000/- and above are verified by two officials

   c) all adjustments reported have been actually effected (verify adjustment entries vis-à-vis correspondence file and record observations, if any)

6. a) Inward register for IBAR / DDR enquiries is maintained and entries therein are promptly followed-up.

   b) there are any enquiries which have been attended to / pending without being entered in the register for long.

   c) unattended enquiries for more than 15 days from the date of receipt are reported in PRR-18. (CHAPTER VIII 11.7.C of Inspection Report)

7. in case of double / wrong response, the amount has been recovered with interest and reported to controlling office. (List out cases where amount has not been recovered with interest; non-collection of interest should be treated as income leakage and reported).

8. In respect of accounts involving huge inter branch transactions such as share application amount, collection amounts, cash remittances, accounts where either TTs are made from or received regularly, whether such amount has been debited to the account (Review & comment).

9. branch / extension counter where two officers are not available, issues demand drafts for less than Rs. one lakh only

10. two officers are verifying and authorizing payment of demand draft for Rs. one lakh and above

11. **Branch has permitted encashment of DD above 50000/- purchased by Ministries/Departments of Government of India in favour of their own outstation units duly exercising at most care(HO Cir 269/06 dated 29-09-06).**

12. "informatory confirmation" is issued on the same day where drafts for Rs. ten lakhs and above are issued

13. branch has followed-up with the drawer branch for confirmation in respect of draft for Rs. ten lakhs and above., and, have cases of non-receipt been reported to overseeing RO / CO

14. the branch has followed the procedure on reporting of Inter Branch Transactions to drawee Branch

15. responding branch advice / duplicate branch advice is as per guidelines (verify whether required records are maintained)

16. issuance of duplicate Branch advice is as per guidelines

17. INWARD / OUTWARD Register for duplicate advices maintained

18. issuance of Pay Orders, collection of charges, payment and maintenance of records thereof are as per guidelines

19.. a) issuance / cancellation / payment of DDs or duplicate DDs and revalidation of DDs, and, collection of charges and maintenance of records thereof are as per guidelines.

b) payment of interest for delay beyond 15 days for issuing duplicate Demand Draft is applicable where such request is made by purchaser /beneficiary only and not applicable in case of third party endorsements
(HO Cir 331/06 02-12-06)

c) S S booklets and related communications, and, circulars & communications relating to missing DDs / DD leaves, duplicate DDs etc are preserved and used in accordance with guidelines.

c) networked branches having DDISYS are using the package and uploading the data on daily basis.

d) preservation of cancelled items and maintenance of records thereof are as per guidelines.

11. SUNDRY LIABILITIES AND SUNDRY DEPOSITS :

Check whether -

1) the account (including subheads) is balanced on specified due dates, tallied and checked

2) the subsidiary is maintained properly

3) there are any items outstanding for more than five years under "Surplus Sale Proceeds" of GL etc. pending, transfer to BS & CA Section, HO

4) all debits to Sundry Liabilities are authorised by Manager / Senior Manager in charge of the branch?

5) follow - up register for long pending items is maintained and such items followed up regularly **BRINSP - 3708**

6) items have been considered for write back only after the branch has made all efforts to reconcile / adjust the outstanding entries.

7) review return (with suitable remarks wherever required) has been submitted promptly and up-to-date

13. INTEREST SUSPENSE :

Check whether amounts which were outstanding as on 31 3 05 have been reversed and merged with mirror accounts duly noting the details under respective mirror accounts. **BRINSP - 4013**

14 . SAFE CUSTODY ARTICLES

Check whether -

1) articles held in safe custody conform to details in the safe custody register

2) SC Receipt Book is held in double lock

3) half yearly balancing of safe custody articles is extracted and tallied

4) applications (Appendix I - manual of instruction on SDL & SCA) for safe custody have been obtained with specimen signature cards

5) SCR Nos. are correctly written on sealed boxes / covers

6) any box / cover has been sealed with Bank's seal.

7) acknowledgement for articles returned to parties has been obtained in the safe custody register

8) the branch has collected applicable charges upfront

9) the counterfoils of SC receipts bear the signature of the depositors

10) disposal instructions have been obtained in case of Wills deposited in sealed covers

11) stamped indemnity letter has been obtained before issuing duplicate SCR

12) instruction regarding withdrawal duly signed by all joint depositors has been obtained

13) the branch adhered to procedural guidelines when articles are withdrawn and sent by registered post (only Term Deposit receipts) at the request of the depositor

14) duly discharged SC receipts along with relative applications and specimen signature cards are held in a separate file

15) delivery of articles to the agent is effected only against

a) submission of SC receipt with duly signed endorsement of the depositor (as per manual). and a separate letter of authorisation.

b) obtention of discharge by the Agent across revenue stamp on the receipt.

c) acknowledgement of the Agent in the register, and followed-up by a notice to the depositor.

16) branch has adhered to additional guidelines in respect of safe custody of term deposit receipt (TDR) , viz.,

a) authentication of details of TDRs in the register by two authorised persons
who hold the joint custody of the safe custody items.

b) Noting serial no. of SCR, TDR number, name of the depositor on the cover and confirming the same to the depositor by letter duly signed by both the authorised persons (copy of the letter should be kept with the TDR.)

c) articles taken for renewal / closure. should be noted in the register

d) after renewal, a fresh SCR serial number should be given and earlier serial number rounded off and the procedure detailed in item `b' is to be followed.

e) relevant transaction slips are to be signed by two authorised signatories, one of whom should be one of the joint custody holders of the article.

f) branch in charge should periodically review all closed deposits which were held under safe custody .

17) specimen signatures of RBI officials are held in safe custody and Safe Custody Certificate as on December 31 of every year is submitted to the controlling office

18) Comment on control over, and, maintenance of records relating to

– returned/dishonored CDBs and Bills

- returned cheques (clearing & OSCs) to be delivered / dispatched to customers.

- Undelivered ATM / DEBIT cards. **BRINSP - 3717**

15. SAFE DEPOSIT LOCKERS

Check whether -

1) notice or board regarding availability of locker facility is prominently displayed .

2) locker room is properly and adequately furnished.

3) partition with grill gate has been provided to avoid security risk, where the safe
deposit lockers and double lock etc are placed in the same strong room. **BRINSP - 3736**

4) there are any lockers allotted to minors, singly or jointly with others.

5) **any lockers allotted to visually impaired(both) persons jointly(HO Cir 80/06).**

6) operations by agent of hirer is supported by Power of Attorney. / Letter of Authority **BRINSP - 3738**

7) nomination facility for lockers is well publicized. **BRINSP - 3739**

8) access / attendance register is properly maintained and signature of the hirer is verified whenever access is permitted.

9) register of lockers installed / available, locker register with required particulars such as, key number, specimen signature of hirer etc., and , Locker Key index sheets / register are maintained

10) suitable cautionary information has been noted in locker / key register. in case of deceased hirers

11) locker agreements are properly executed on adequate Stamp Paper.

12) duplicate of Master Key is lodged with the nearest Branch / Bank. **BRINSP - 3740**

Balancing of vacant lockers and verification of keys of such vacant lockers.

13) movement of master key is properly recorded in double lock register. **BRINSP - 3741**

14) keys of vacant lockers are held in double lock and their withdrawal on hiring out of lockers is noted in the register. **BRINSP - 3742**

15) rent collected in advance is as per the rates finalized.

16) refunds made are in accordance with procedure i.e., treating part of the quarter as full quarter for the purpose of calculating rent due.

17) branch has followed the laid down procedure in respect of lockers hired out to Partnership Firms, Limited Companies, Clubs, Associations, Trusts.

18) there are any lockers hired to a Staff member jointly with a client of the Bank.

19) branch has adhered to instructions on handling death claims. **BRINSP - 3743 / 3744 / 3745**

20) closed sheets of lockers are filed separately.

21) surrender letters are obtained and up to date rent , that is, up to the end of the quarter, is collected when lockers are surrendered.

(Note : ORIGINAL HIRER/ s ONLY CAN SURRENDER THE LOCKER)

22) lockers have been broken open with due permission from Controlling Authority.

23) prescribed procedure has been followed In case of lockers broken open on account of default by the hirer

24) declaration from the guardian has been obtained. in case of lockers hired out to minors

25) modified SDL agreement is obtained (NF 285) .

In case of visually impaired persons whether documents obtained as detailed in HO Circular 80/06 dated 29-03-06.

26) collection of rent and follow-up in case of non-receipt are as per guidelines

(note : arrears of rent should not be treated as income leakage, but , non-collection of differential amounts in case of upward revision should be treated as income leakage)

27) half-yearly statement has been submitted (enclose details of locker rent in arrears for a long time)

28) guidelines as per H.O. Circular 253/07 dated 14-09-07 are followed

a. linking of locker facility to fixed or any other deposit beyond what is specifically permitted is prohibited.

b. branches should not insist 3 years advance rent as fixed deposit from the existing locker hirers.

c. Branches are advised to give a copy of agreement to locker hirer.

d. Branches should incorporate a clause 2.2.(ii) - i.e. "In case the locker remain un operated for more than one year, the Bank would have the right to cancel the allotment of locker and open the locker, even if the rent is paid regularly."

e. Where the lockers were remained un operated for more than 3 years for medium risk category or one year for a higher risk category branches should immediately contact the locker hirer and advise him to either to operate the locker or surrender it.

f. Branches to ensure that the identification code of Bank/Branch is embossed on all the locker keys.

g. Branches should maintain a wait list and all applications received should be acknowledged and given a wait list number.

16. DEATH CLAIMS AND NOMINATION:

Check whether -

1) claims settled are within the delegated powers **(HO Cir 209/07 dated 04-08-07). BRINSP - 3743**

2) the branch has observed all the formalities and obtained claim forms and other necessary certificates and declarations as per the guidelines. **BRINSP - 3744**

3) branch has adhered to the guidelines with regard to settlement of term deposit with a repayment condition No.1 or survivor.

4) the branch has referred all the claims (other than under nomination) relating safe deposit lockers and safe custody articles to C. O..

5) the branch has maintained death claim register NB 157 and inwarded all claims (irrespective of whether they fall under the discretion powers of the Managers or otherwise and also claims under nomination). **BRINSP - 3745**

6) the report of the Officer / Manager in NF 149 (claim application) contains the following particulars; **BRINSP - 3744**

a) Confirmation of dues to the Bank
b) Respectability and worth of the declarants
c) Recommendations

7) the branch has obtained receipts from the legal hires as per guidelines. **BRINSP - 3746**

8) *the signatures of declarants and witnesses have been verified / attested* **BRINSP - 3744**

9) *indemnity for minor's share, wherever applicable, has been obtained.* **BRINSP - 3744**

10) Settlement of claims in respect of missisng persons – (HO Cir no.48/2009).

17. INTEREST COLLECTED, INTEREST PAID & COMMISSION

1) check whether the accounts have been balanced on due dates, tallied and checked

2) check whether -

a) correct rate of interest has been stipulated / applied (advances as well as deposits) **BRINSP - 4012**

b) processing charges, ledger folio charges, godown inspection charges, **documentation charges** have been correctly calculated and collected. **BRINSP - 4001 / 4008 / 4017**

c) commission on DDs / TTs,, Inward / outward cheques, and bills for collection etc., have been collected as stipulated and deviations / concessions if any are backed by sanctions (test check).

d) service charges on inoperative SB accounts have been recovered. **BRINSP - 4002**

e) penal charges on delayed remittance to Recurring Deposit accounts are collected. **BRINSP - 4006**

f) necessary adjustments have been made in interest provision / payment at the time of premature closure of term deposits.

g) Interest provision on Recurring Deposits, term deposits have been correctly made and checked.

h) Income recognized in case of NPA accounts where recoveries are effected.

i) Collection flow ID and compound interest flags are set correctly.

3) verify stray credits in the interest collected/commission & debits in the interest paid subsidiary with corresponding entries under loan, advance and deposit accounts and record your observations. **BRINSP - 3706**

4) scrutinise as per norms debits to interest collected/commission subsidiary with the corresponding credits and record your observations.

5) test check genuineness/correctness of entries passed in respect of excess/short payment of interest under deposits during previous inspection and record your observations.

6) scrutinise as per norms instances of overwritings/correct balances cast for their genuineness (observations to be recorded in the report).

7)* register for noting Income Leakage is maintained

8) the branch has maintained register for entrustment of work relating to interest calculation, application and checking. **BRINSP - 4018**

9) register for noting modification / updation of rate of interest / parameters in the system is maintained and entries therein are authenticated

10) interest provision made for the purpose of balance sheet are promptly reversed.

11) receipt of Bank assurance commission is ensured and accounted for in the relevant head.

18. GENERAL CHARGES

CHECK WHETHER

1) register / subsidiary is maintained properly

2) balancings have been done on due dates , tallied and checked

3) debits are in accordance with sanction / approval / vouchers.

4) all vouchers are entered in the register and checked & initialed by the concerned officer / manager

5) numbering and maintenance of vouchers are as per guidelines

6) appropriate amounts have been recovered from the customers / employees where telegrams / phonograms are sent or telephone calls made on their behalf

7) a) TA claim-cum-sanction in connection with cash remittance, deposit / cancard mobilization etc. is in order.

b) TA bills sanctioned Register is maintained properly

c) sanctions at Branch level are in accordance with rules & norms

8) proper records are maintained in respect of expenditure incurred on cleansing materials / subscription to news papers (office as well as staff) / conveyance / rent paid (Premises and Quarters) / business development and entertainment / medical expenses and hospitalization bills / staff welfare etc

9) tax at rates advised from time to time has been deducted wherever applicable

e.g., rent on premises where the annual rent exceeds Rs.120000/-, payments made to courier / service agencies , professionals / contractors etc

NOTE : 30 % tax should be deducted from rent payable to Non-Residents even if the total rent is below Rs.120000/- in a financial year

10) electricity, water charges, telephone bills etc., are paid in time as per bills / demand notices and relative receipts preserved

11) proper records are maintained for trunk call / STD charges , and , expenses incurred are within limit sanctioned, if any .

12) Instructions with regard to supply of uniforms / livery to sub-staff and maintenance of records thereof are strictly followed

13) Rain coats / helmets / umbrellas purchased are as per norms

14) a) appropriate deduction (20 %) is made while reimbursing news paper subscription to Staff

b) sale proceeds of news papers provided to the branch have been credited periodically to subscriptions and presents

15) a) rent paid for Office Premises / Managers' quarters etc. are supported by stamped receipts OR annual confirmation (stamped) of rent received (when the rent is paid by way of DD / Cheque / Cash)

b) stipulated / relevant amounts have been recovered from the concerned officers in respect of quarters and furniture provided

16) a) Income tax deductions / rebates allowed in respect of salary income of employees are as per guidelines , and ,

b) declaration and proof of investments made have been obtained from staff for income tax rebates allowed to them.

17) expenses towards minor repairs & renewals of office furniture, bicycles etc.
are supported by appropriate sanction / approval and bills / vouchers **BRINSP - 4019**

18) Local purchase of stationery items is within the limit fixed. and prior permission or ratification for transgression, if any, has been obtained. **BRINSP - 4023**

19) reimbursement and amounts debited to Business Development Expenses are in accordance with the norms **BRINSP - 4025.** Maintenance of Register.

20) conveyance reimbursed to officers is as per provisions **BRINSP - 4025**

21) the branch has maintained records of daily wages paid and whether amounts paid are as advised from time to time

22) expenses incurred toward conveyance, cash allowance etc. are need based and reasonable **BRINSP - 4025**

23) medical bills paid register is maintained properly and debits are supported by declaration (Verify correctness of reimbursements vis-à-vis entitlement and correctness of unutilised limit of previous years carried forward , with reference to withdrawals during those years and the entire disbursements.) **BRINSP - 4025**

24) expenses incurred under staff welfare are as per norms.

25) log book is maintained up-to-date, and, expenses incurred towards petrol and maintenance of vehicle are as per sanction / approval., wherever applicable (check whether vehicle insurance is in force)

26) Expenses incurred are accounted in relevant heads.

19. SECURITY ITEMS

Check whether

a) security items received, are inwarded promptly and acknowledgement sent to concerned Section and suppliers. **BRINSP - 3747**

b) security items are held under dual control and issued against acknowledgement
of concerned supervisor. **BRINSP - 3747**

c) quarterly balancing of security items and monthly balancing of high value items are certified by both the officials in charge of security items **BRINSP - 3747**

d) obsolete stock of security items has been destroyed as per guidelines. (if not destroyed , enclose a list of such items). **BRINSP - 3747**

e) preservation of cancelled security items and maintenance of records thereof are as per guidelines(**should be serially numbered and filed separately duly recorded in the register with signatures of officials concerned**); check whether handling of items missing or lost and found subsequently. is as per procedural guidelines **BRINSP - 3747**
Procedure for destruction during Inspection.

f) the branch has adhered to guidelines on receiving and accounting Security items and maintenance of records relating to missing security items **BRINSP - 3747**

g) Security items movement register is maintained (CHAPTER III. 5.1.a of Inspection Report) **BRINSP - 3747**

20. MISCELLANEOUS / GENERAL MATTERS

1) Check cash vouchers as per norms to confirm whether the vouchers are duly authorized and signatures of drawers on cheques are cancelled and receipted challans and cash paid instruments bear full signature of the shroff. **BRINSP - 3749**

2) Has the branch adhered to instruction on control over preservation and movement
of cash voucher slips ? **BRINSP - 3704**

3) **Whether mandatory verification of all slips/vouchers on a day to day basis is carried out and certificate is affixed on the mini waste by concerned authority and preserved along with the day slip bundle.(HO cir 68/06 dated 21-03-06).**

4) Is the branch keeping security items taken out for daily transactions in a separate single lock box ? **BRINSP - 3748**

5) Are letters, circulars, statements, reports, etc filed correctly and are files maintained properly and up to date ?

6) Is the Branch using security items supplied to a specific branch by striking the name printed thereon ? **BRINSP - 3747**

7) *Check STR 11 as per norms AND test check other review/statistical returns and comment on (CHAPTER VIII 11.13.f of Inspection Report)*

- *Promptness / delayed submissions*

- *Correctness and accuracy of compilation and reporting*
- *Omission / suppression of facts / figures, if any,*
- *Review / remarks by branch officials, wherever applicable.*

7) Is the day book cum trial balance maintained up-to date and duly checked ?

10) Are all letters received (including those received thru courier) inwarded and promptly disposed of ?

12) Are instruments scrutinised under ultraviolet lamp as per procedure, before making payment ?

13) Check whether handling of transactions, claiming of turnover commission, wherever applicable, and , maintenance of records thereof are as per guidelines
BRINSP - 4822

14) Are the accounts under the following Schemes maintained / operated as per RBI guidelines ?

a) Public Provident Fund Scheme 1968.
b) Special Deposit Scheme.
c) Capital gains accounts scheme 1988.
d) Pension
e) Senior Citizens
f) Retired employees

15) In respect of preservation of old records check whether

a) they are kept in a separate room under lock and key,

b) particulars of such records are entered in the “records inward and destroyed register” under the initials of an officer/manager.

c) “records outward / movement register” is maintained to keep track of the records taken out of the room.

d) the work has been entrusted to a person.
e**) instructions as per HO Circular 154/08 dated 26-06-08 are being followed**

16) Are customer complaints redressed within the stipulated period i.e., **BRINSP - 3719**
a) 21 days if received directly from customers

b) 15 days if received from RBI/MOF/MPs/VIPs and

c) 07 days if received from Prime Minister's Office.

17) Is follow up of findings of statutory auditors/RBI inspection etc. satisfactory ? Is there any pending RBI Inspection report ? Are there any serious comments in the report deserving the attention of RO / CO ?

18) Check whether physical holding of security items, books and forms is adequate or in excess of normal requirements

19) Has the branch maintained register for stationery and durable utility articles?

20) Has the branch promptly attended to the Long Form Audit Report of statutory auditors ? **BRINSP - 6032**

21) Has the branch Deducted Tax at Source in respect of various payments?

22) a. Has the branch collected and remitted Service Tax as per guidelines and reporting (HO Cir no.262/08).

b. **branch has claimed back the service tax paid in the monthly statement submitted BRINSP - 6002**

24) Is e-mail opened regularly ?

25) Has the branch filed the following reports, in addition to prescribed returns on TDS (interest / salary / rent and other payments)

a) AIR (Annual Information Return) in respect of aggregate cash deposits of Rs. Ten lakhs and more in SB a/cs in a year and aggregate credit card payments in excess of Rs. two lakhs in a year, receipt of Rs.5 lakhs or more for acquiring bonds or debentures issued by the bank, receipts of Rs.1 lakhs or more for acquiring shares issued by the bank, receipt of amounts aggregating to Rs.5 lakhs in a year for RBIs Savings Bonds issue. **BRINSP - 6012**

b) Half yearly report on cash receipts of Rs.50000/- and above (with PAN / form 60 / 61) (Note : Non-submission attracts penalty) –for details refer HO cir 104/07 dated 10-04-07. **BRINSP - 6003**

c) Check whether OLTAS enabled branches transmitted tax collection/Nil report to nodal branch on the same day (HO Cir 326/06 dated 30-11-06).

26) the branch is maintaining the list of terrorist organizations /individuals.

27) a. Any Operational Risk loss events/incidents observed should be reported on monthly basis (HO Cir 98/06, 24/07).

b. Any event/incident caused actual/expected loss of Rs.10 lakhs or more/operations of branch severely affected should be reported within 24 hours(HO Cir 68/07).

28) branch is submitting

a. PRR 18 in the new format as advised vide HO Cir 91/07 22-03-07.

b. Certificate of compliance every month (HO Cir 18/08 dated 22-01-08).

29) CBS branches:

a. Daily alert report and report on negative balance in minor subsidiary should be taken and reviewed & signed by the branch in charge (HO Cir 95/07 27-03-07).

b. Every Friday branches to send confirmation to their IC Section, CO confirming NIL negative balance in the minor subsidiaries.

21. EXTENSION COUNTERS

Norms for inspection are as applicable to regular inspection of branches, but, observations are to be recorded / reported separately

22. STAFF MATTERS

1. ACCOUNTS OF STAFF : Check whether -

a) withdrawals are allowed / authenticated by appropriate authorities as per norms

b) there are any transactions of large amounts, disproportionate to known sources
of income **BRINSP - 3721**

c) proper control on staff accounts is maintained

d) accounts are scrutinized and certified by the branch in charge in PRR 18 **BRINSP - 3715**

e) advances to close relatives of employees , if any, (other than those against Term Deposits) are sanctioned by appropriate authorities

f) the branch has followed the instructions on transfer of accounts of transferred employees to transferee Branch

g) the fact of transfer of employees account to which FTVs are debited informed to Card Division.

2. OTHER STAFF MATTRES:

a) Record comments on work distribution, **whether job rotation effected**.

b) Give brief details of cases of misconduct / Charge sheets / suspensions, if any. **BRINSP - 3758**
.

c) Check whether registers as per Equal Remuneration Act and Payment of Wages Act 1976 are maintained **BRINSP - 6011**

d) Are the sub-staff provided with livery as per rules and are they wearing them regularly while on duty ?

e) Are identity cards issued to all employees and are they wearing them regularly while on duty ?

f) Has the branch conducted monthly staff meetings regularly as per guidelines and are reports of such meetings submitted to RO / CO.? Has the branch conducted a specific staff meeting at the end of branch inspection? Comment on the overall effectiveness of the staff meeting.

g). Has the branch maintained movement of GPA register and is it updated ?

h) Verify availability of Power of Attorney of officers, original documents / other papers, relating to NRW, pension, etc

i) Check whether Bonus paid to staff is as per norms and correct ?

j) Password secrecy is maintained.

k) half yearly confidential reporting in respect of workmen employees and yearly OPAS for officers ensured

3. LEAVE MATTERS :

Check whether -

a) leave records such as attendance signing register, casual leave register, leave follow up register are properly maintained and updated **BRINSP - 3759**

b) there is delay in obtention / forwarding leave applications to Controlling Office

c) there is effective follow-up to obtain leave proceedings from Staff Section

Note: Furnish name, staff number and designation of employees who have not availed any kind of leave during last one year or more i

23. PREMISES, FURNITURE & FITTINGS , ETC.

Check whether -

1) the premises is adequate, safe, secure and neatly maintained

2) premises Keys are held by authorized persons- **BRINSP - 3733**

a. Premises key should not be handed over to part time employee and cleaning should be carried out only in presence of an officer.

3) instances of loss / misplacement of keys of safe / premises., if any, have been reported to RO / CO and suitable action taken as per guidelines

Exchange of Keys done as per guidelines.

4) sanitary condition of premises is good

5) Banks Sign Board and office timings are conspicuously displayed outside the Office premises

6) a) furniture and fittings provided are sufficient,, numbered , and, properly maintained.

b) register for furniture and fitting is maintained up-to date and particulars of furniture items supplied to Manager's / Officers quarters are also recorded in the register.

c) inventory of furniture items maintained by the branch tallies with that of HO records.

d) Confirmation / Certificate regarding existence of items appearing in inventory received from F & B Section has been submitted.

e) details of unusable / surplus furniture, if any, have been reported to / taken up with R O / C O

7) electric mains are switched off during closed hours of Office

8) Usage of Burglary alarm during Nights/Switch on/off

9) Whether KRA is fixed to the officer/Manager in charge of premises to upkeep premises/quarters for providing good living and working condition and to enhance the life of the asset.

10) the branch has been provided with FBR safe and / or strong room

11)a. branch has complied with observations / instructions / suggestions , if any, made in reports submitted by Security Officers. **BRINSP - 3760**

b. Security drill at the branch opening time is followed (HO Cir 315/06 dated 20-11-06)
c. DOs an DONTs on branch security (HO Cir 295/07 dated 16-10-07)
d. chaining the collapsible grill gate should be done with only one

chain (at the upper end of the collapsible grill gate).

12)Comment on availability, maintenance and use of office equipment such as typewriter, Cheque protectograph, ultraviolet lamps, calculators, Adding Machines, Emergency Lights, Air conditioners, Digital display units for token, weighing balances, franking machines, Note packetting machines, refilling of fire extinguishers, Note counting machines (with digital display for customers) etc

13)Availability / proper maintenance of manual/ desk card and library books **BRINSP - 3761**

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14). Branches/offices are complied with the provisions of -

a. Payment of Gratuity Act 1972 and Payment of Gratuity (Central) Rules , 1972

b. Equal Remuneration Act, 1976 and Equal Remuneration Rules 1976

c. Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1965 . and necessary documents / registers maintained (HO Cir 343/06 dated 16-12-06).

15. Judicious use of computer stationery is ensured.

24. CUSTOMER SERVICE

Check whether -

1) staff members attend the office 15 minutes in advance of the business hours and transactions are commenced without delay.

2) seating arrangements are conducive to quick service.

3) staff members are courteous and service across the counter is quick.

4) "May I help you" counter / enquiry counter nearer to entry point, is always manned and functioning efficiently.

5) time norms are displayed and Cash transactions like encashment of cheques, issuing of drafts, etc., are put through within the stipulated time frame. **BRINSP - 3763**

6) branch is conducting non-cash transactions till one hour before scheduled closure of office hours.

7) grievances of / complaints from customers are set right on the spot / within the stipulated period.

8) cheques accepted for collection are sent in clearing / to outstation branches / Banks promptly (test check and report).

9) realization advices / telegraphic transfers / other remittances, if any, are adjusted on the date of receipt (test check and report).

10) "Stop payment" instructions, letters received from customers are entered in the letters inward register and are promptly noted in the system and the action taken.

11) pass books / pass sheets are written on daily basis and delivered promptly and regularly (test check and report).

12) standing instructions are carried out promptly.

13) Deposit Due notices are sent to the depositors well in advance.

14) separate inward register for letters received from NRI customers is maintained and letters received from them are responded promptly.; check whether separate file is maintained for correspondence with NRIs.

15) settlement of death claims falling under the Branch power is done within a week and the claim register is maintained up-to-date

16) nomination facility is extended to all depositors (residents and non-residents), Safe Deposit Lockers and Safe Custody Articles. **BRINSP - 3752**

17) facility of instant credit of local / outstation cheques is extended to eligible customers,. in accordance with guidelines **BRINSP - 3754**

19) in the case of rural branches, dates of executives visits, etc., are displayed on the notice board.

20) Customer Service Committee is formed and functioning **and customers including a senior citizen are inducted in the committee (HO Cir 260/07 dated 21-09-07). BRINSP - 3764.** Report on the cojnduct of the meeting with minutes submitted to controlling office on monthly basis.

21) Customers Meets are arranged.

22) interest for delayed collection of cheques (OSC & FOSC) and delayed credit of proceeds of Export bills and TTs has been paid as per guidelines, that is, without the customer requesting for payment of compensation , and, at rates advised from time to time **BRINSP - 3772**

23) branch has observed "Customers' Day" on 15th of every month and report submitted to controlling office promptly.

24) a) suggestion box **(as detailed in HO Cir 236/06 dated 31-08-06**) is installed in a prominent place, with easy access to customers. **BRINSP - 3760**

b) suggestion box is opened every **week.**
c) the branch maintains a register to record the suggestions received
d) action on suggestions received is initiated without delay

25) Credit proposals are handled promptly, token of service implemented and applications disposed of within stipulated time **BRINSP - 3001**

26) a) complaint book is maintained and made available to customers to record their complaints. **BRINSP - 3765**
b) PRR-30 has been submitted promptly and up-to-date

27) all customers who enter the bank before the close of business hours are attended without fail.

28) Teller facility is satisfactorily extended.

29) Notice Boards regarding the following aspects are displayed at a prominent place in the Banking Hall. **BRINSP - 3763**
a) Time norms for various category of services.
b) Availability of non cash transactions upto one hour before closure.
c) Availability of nomination facilities.
d) Exchange of cut and mutilated notes.
e) Citizens' Charter on Currency management.
f) Receipt of counter foils duly signed/initialled by supervisor with date *stamp.*
g) Name of the Banking Ombudsman with address & Telephone No, Name of the Nodal officers at HO/CO for handling Banking Ombudsman cases with address/telephone Nos.
h) ensuring correctness of cash received before leaving cash payments/Teller counter.
i) acceptance of instruments drawn in Hindi.
j) availability of locker facility.
k) RoI on Deposits
l) availability of citizen charter
m) availability of complaint/suggestion book
n) Commission/**Service charges** Chart for various services
o) Local Customers Relationship officer's phone No. & address.
p) change of ROI on advances.

30) branch has taken necessary steps to avoid common accessibility to pass book / pass sheet by the public . **BRINSP - 3766**

31) branch has adhered to Banker's Fair Practice Code for depositors as well as borrowers **BRINSP - 3767**

32) Customer terminal is provided, functioning, and activated everyday . **BRINSP - 3768**

33) note counting machines wherever provided, also have digital display unit for customers' view.

34) *Drop box for cheques has been installed.* ***Acknowledgement are provided to the customer on the pay-in-slips for cheques tendered at the counter.***

Ensure that on the box, the following information is available:
a) to drop only closed cheques
b) Clearing cycle as per the local clearing arrangement is provided.

35) *Coins and currency notes of small denomination which are out of circulation but legal tender are accepted.* **BRINSP - 3769**

36) branch has taken suitable measures / steps to avoid deficiency in service which may lead to complaints to Ombudsman (grounds on which a complaint may be filed are

- non-payment / inordinate delay in crediting proceeds of collection items (inland as well as foreign currency instruments and bills) and remittances
- non-acceptance of small denomination notes
- non-adherence to prescribed working hours
- non-issue of drafts to customers and others
- claims relating to unauthorized / fraudulent withdrawals / debits
- non-observance of RBI directives relating to interest on deposits / advances
- refusal to open accounts without valid reason for refusal
- non-acceptance of applications for loans without informing valid reasons
- delays in sanction / disbursement of loans
- non-observance of prescribed time norms for disposal of loan applications

37) Single Window Service has been implemented .
38) Customer Service Audit/reply to customer contact Questionnaires has been obtained.
39) Branch has taken steps to educate customers not only about their right but also about THEIR RESPONSIBILITIES. **BRINSP - 3767**
40) Availability of Booklet/Leaflet/Posters on:
-- Banking codes & Standards Board of India (BCSBI)
-- Banking Ombudsman Scheme 2006
-- Booklet on Information on Basic Bank's facilities available to customers.
-- Ensure that failed ATM debit transactions are settled within 12 days time to avoid penalty.
41) In case of cheques/instruments lost in transit/clearing process,

- Customer has been informed immediately
- expenses for obtaining duplicate instruments have been reimbursed to customer (along with applicable interest in case of delay).
- Branch has taken care not to dishonor cheques issued by customers (to the extent of cheques lost in transit).

42) Value added products have been properly introduced to customers.
43) availability of credit facilities such as Retail Lending Schemes, collateral free loans to SSI etc. are prominently displayed.
44) Pass book printer is provided.
45) <u>Remittance / withdrawal of CASH under CBS environment (Cir no.248/08).</u>
46) <u>Measures to improve level of Customer Service (Cir no.249/08, 251/08).</u>

25. INSPECTION OF CURRENCY CHESTS (C C)

(INSPECTION SHOULD BE DONE ALONG WITH REGULAR INSPECTION OF THE BRANCH TO WHICH THE CURRENCY IS ATTACHED, BUT, SEPARATE REPORT AND CRC SHOULD BE SUBMITTED AS PER CURRENT GUIDELINES) **-may be deleted.**

Inspection of Currency Chest is conducted yearly and RBIA is prepared in the prescribed format.

25 .1 . REMITTANCES :

VERIFY WHETHER

1. C C has taken adequate steps / security measures to lift / remit the cash to and from the branches.

2. C C has taken adequate steps to minimize accumulation of cut and soiled notes.

3. in case of remittances to RBI / other Currency Chests, required Diversion Order is obtained and other security guidelines followed strictly. AND expenses incurred in this regard have been claimed promptly from RBI through Government. Accounts Section, HO.

4. adequate quantity of new or issuable notes of appropriate denominations (that is, Rs.500 and Rs.100, at present) is maintained to meet the requirements of ATMs / Branches.

5. proper arrangements are made by the CC to minimise cash holdings at branches.

6. CC has ensured that adequate security measures are taken by branches while remitting / lifting made by the branch personnel.

7. signatures of branch officials in the indent letters are verified by the currency chest.

8. all transactions are invariably reported to link office on the same day

9.any panel interest levied on the currency chest for delayed /wrong reporting and counterfeit / re issuable bank note in excess of 5% by RBI

25 . 2. COUNTING OF NOTES

CHECK WHETHER

1. all the Inward remittances are counted properly by any one key holder (Rs.50/- and above) and duly certified before remitting to the Chest balance.

2. excess / shortage noticed while counting has been remitted to / recovered from the concerned branch immediately.

3. proper packeting has been ensured i. e., without stapling as per RBI guidelines .

4. any shortage has been reported in remittances made by the C C to RBI / Other Currency Chests / Branches.

5. there are any Instances of cash shortages noticed during bi-monthly verification / RBI Inspection.

25 . 3 . SORTING OF CURRENCY NOTES

VERIFY WHETHER

1. Unsorted notes are properly segregated. (It must be ensured that laid down systems and procedures are adhered to and delays are avoided in sorting of notes into issuables and non-issuables.)

2. Sorting of notes is being done as per RBI guidelines regarding quality and quantity per employee fixed by the Bank.

3. Sorted notes are properly counted and signed by concerned officials.

4. CC has ensured that only sorted notes are issued to branches.

5. CC has ensured remittances of cut and soiled notes at regular intervals to RBI.

25 . 4 . INTERNAL CONTROL AND MISCELLANEOUS

1. Check physical holding as per norms and issue certificate in prescribed format.

2. Record required details in the “Register for Inspection” maintained by the Chest.

3. Verify records relating to reporting to RBI, and comment on non-reporting / delayed reporting, if any (**Ref HO Cir 201/08 dated 25-07-08 also**).

4. Comment on the following:

   a) adherence to guidelines on preparation of cash requisition slips, and preservation of unutilized (blank as well as issued but not used) cash requisition slips.

   b) BAR balancing and follow up

   c) laxity / deviation in matters relating to accounting and security.

25 . 5 . PREMISES AND SECURITY ASPECTS

Check whether the CC has ensured the following -

1. proper maintenance of premises. without storing any extraneous articles in the Strong Room.

2. proper maintenance of files, old records and destruction of old records.

3. compliance with instructions on custody of keys, and , rotation of second set of keys and maintenance of records thereof

4. formal transfer of charge when Officers-in-charge have gone on leave.

5. Safe Custody of duplicate set of keys.

6. proper maintenance of bins viz., proper locking, protection against moisture and pests, etc.

7.. Maintenance of Burglar Alarm system, Fire Extinguishers, etc.,

8.. Availability of police personnel round the clock.

9.. Proper maintenance of machines and service contracts, AMC thereon.

10. Maintenance of movement register for staff members.

11. Availability of following documents :

a) Secret Memorandum on differences likely to be found between genuine and forged notes.

b) Supplement to secret memorandum

c) Seals

d) Specimen signature of RBI officials

e) Fitness certificate to be obtained annually

12. Identity is insisted where staff from branch are drafted for outward remittance.

13. Daily recording in note book by beat police.

14. Control over expenditure :

- Judicious local purchases, stationery.

- Local conveyance to staff.

15. Closing within stipulated time (Chest must not be kept open till late nights.

25 . 6 . INTERNAL CONTROL

Check whether -

1. Vault Register is maintained up to date and tallied with cash balances in the vault.

2. a) BIN books are maintained with full particulars like cash taken out and kept inside,

   b) balances as per BIN books tally with physical holding in the respective BIN

   c) entries in the BIN books have been initialled by both the key holders.

3. Chest withdrawals / deposit book, register for sorting notes,, cut and soiled notes register etc are maintained with full particulars and acknowledgement from the concerned staff., wherever required

4. chest slips have been prepared accurately, numbered, serially, promptly submitted to RBI and copies filed serially In a separate file .

5. there are any Instances of delayed reporting / wrong reporting of withdrawals and payment of penal interest thereon.

6. preparation and submission of Review Returns. is prompt and up-to-date

7. follow up of items under Branch Adjustment Account and Sundry Assets. is prompt and effective

8. there are any serious irregularities pointed out by RBI officials during inspection.

9. Casual Leave Register and leave follow up Register are maintained and updated

10. licences and other records relating to guns are maintained as per guidelines,

25 . 7.. H R D :

Comment on the following :

1. Implementation of OPAS

2. submission of half yearly Confidential Reports on workmen.

3. Conducting of Staff Meetings .

House Keeping areas:

1. Whether the branch/office has complied with the time norms stipulated as per HO Cir 227/2009 dated 3rd July, 2009 in the housekeeping areas- like BARs, SA, Balancing and clearing differences, bankers entries, parking GL and Sundry liabilities?

2. Whether LCCR 10 is made nil every month by transfer to the Accounting Section? Whether LCCR 20 is made zero on day to day basis?

3. Whether there is any wrong reporting or non reporting or delay in reporting of matter of serious concern in housekeeping areas?

4. Whether the balances under CBS- IBA Payable is reviewed and adjsuted on regular basis?

28. ANYWHERE BANKING (in designated branches only) :

Check whether -

a) facilities are extended to eligible customers / types of accounts , and for permissible types of transactions only

NOTE : 1. Accounts operated jointly, accounts of minors / illiterates / blind persons / encumbered accounts and accounts under garnishee / attachment order / litigation / dispute are not eligible

2. Cash withdrawal per occasion and issue of DDs are restricted to Rs.50000

b) obtention of application, issue of identity cards, maintenance of average balance , transactions permitted and accounting entries are as per guidelines

c) the facility is extended only during business hours, when both the branches are functioning and data base is up,

d) the facility is restricted to a separate terminal (which can also be used for other banking transactions) and, printer is always connected to AWB PC

e) party's presence of putting thru the transaction is ensured

f) mandatory reports generated, viz., report on User creation / modification / deletion ,

list of successful transactions , list of transactions for the day, and, list of pending & failed transactions are scrutinized by the manager for genuineness and log-in, authenticated and preserved safely

g) cash paid instruments are preserved in the branch where payments are made

h) register for recording details of transactions is maintained, updated, and initialed by branch-in-charge

i) charges have been collected, wherever applicable **(Ref HO Cir 13/08 dated 12-01-08).**

j) quarterly performance reports have been submitted

k) all facilities as advised from time to time are extended

l) maintenance and preservation of relative vouchers / records are per procedure

m) procedure outlined in case of link failure, is followed

n) fresh signatures obtained are promptly scanned and uploaded into the system

o) identity cards are got back before closing the account or when AWB facility is no longer required / extended

26. Real Time Gross Settlement (RTGS)

a. base limit Rs.1 lakh for transfer of funds(Cir 330/06 dated 02-12-06).

b. service charges collected (HO Cir 27/08 dated 01-02-08 and 288/08 dated 16-10-08)

c. Interest for delayed credit/return paid (HO CIR 113/08 dated 02-05-08)
delayed credit to the beneficiary –REPO rate
delayed return to the sending Bank – REPO rate + 2%

27. National Electronic Funds Transfer (NEFT) System

Check whether

a. The customer satisfies KYC norms and have executed NEFT customer agreement. (Walk in customers who do not have an account with remitting bank can send remittance through NEFT up to Rs.50000/- by paying cash(HO Cir 103/08dated 24-04-08).

b. Printout of all outward messages are taken and filed serially in separate file.

c. Printout of NEFT incoming messages are taken and filed serially in a separate file.

a. inward remittance are credited to customers account instantly on the same day of receipt of NEFT message.

b. NEFT return transaction register maintained.

c. Messages are opened regularly as per the batch timings
g. service charges collected (HO Cir 27/08 dated 01-02-08 and 288/08 dated 16-10-08)
h. Interest for delayed credit/return paid(HO CIR 113/08 dated 02-05-08)
delayed credit to the beneficiary –REPO rate
delayed return to the sending Bank – REPO rate + 2%

Cir no.346/08 – Reporting of irregular practices in operational areas including frauds and malpractices at branches / offices to higher authorities.

Cir no.81/09 – Consolidated guidelines on reporting of Fraud, Theft, Burglary, Robbery & Dacoity.

Cir no.102/09 – Operational Risk Management – format for incident reporting.

Debt Restructuring of borrowal accounts – HO Cir 4/09, 44/09, 67/09, 90/09.

Cir no.23/2009 – Discontinuation of TT facility wef 01-04-2009.

Cir no.32/2009 – Checklist on Branch administration on Housekeeping and control parameters.

Cir no.133/2009 – Submission of claims for and receipt of commission, reimbursement of amount paid in respect of Government business.

Page No **113 - Credit card check list to be incorporated**