

CANARA BANK

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SNAP SHOT

MAY 2011

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Denis Rodrigues
General Manager and Principal

PREFACE

When change becomes the only constant factor around us, updating the knowledge assumes a greater significance and if the domain happens to be banking & finance, the need becomes all the more important.

While the tried and tested banking products are losing their sheen with the main stream clients, new technology products are fast emerging on the horizon. Added to this, clientele profile is fast undergoing changes. Young generation of high net worth customers who are ready for the new technology products are becoming all the more assertive.

Hence, information flow needs to be at its best in order to bridge this gap amongst our staff. Our Bank has an excellent tradition of bringing out all such changes by way of internal Circulars covering all the aspects of banking. However, the sheer volume of changes sometimes becomes overwhelming. Hence, there is an imperative need for some alternate information delivery channel. This is where our Regional Staff Training College, Gurgaon has stepped in with its annual compendium by the name '**Snap Shot**' that brings out major changes that have taken place during the past year in our operational banking. It is also being updated on monthly basis by way of its soft copy. It is also heartening to know that this publication '**Snap Shot**' brought out by our RSTC, Gurgaon has found wide acceptance from our officials of all cadres; across our Bank.

I acknowledge the efforts put in by our RSTC, Gurgaon in bringing out such a compendium for the use of our officials in operation and administration. I wish all the users of the 'Snap Shot' all the very best in their business operation and career.

Sincerely yours,

Denis Rodrigues

Dated: 8th June, 2011

Navigator

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Important Rates	
Bank Rate	6% (wef 29-04-2003)
Cash Reserve Ratio	6% (wef 24-04-2010)
Statutory Liquidity Ratio	24.0% (wef 18-12-2010)
Repo Rate	7.25% (wef 03-05-2011)
Reverse Repo Rate	6.25% (wef 03-05-2011)
Base rate of our bank	10% wef 05.05.2011
ECNOS	Base Rate + 6%
Foreign Currency ECNOS	12m LIBOR + 6.5% (IO/19/2010)
BPLR	14.25% wef 05.05.2011
Clean Rate	Base Rate + 7=17% wef 5.05.2011
SB Rate	4% wef 03.05.2011

KYC // AML // CFT Guidelines

(Cir 89/05, 57/08, 119/08,120/08, 328/09, IO 15/2010)

KYC Guidelines issued under: Section 35A of the Banking Regulation Act, 1949

Categorisation Of Customers: (Cir 247/2010)

Low Risk Customers (Level 1 customer):

- Salaried Employees
- People belonging to lower economic strata
- Government Departments
- Government Owned Companies
- Regulatory and Statutory Bodies

For above category, KYC requirement: Proper introduction, identification and verification of proof of address.

Medium Risk Customers (Level 2 customers)

- High Net worth Customers
- Non Resident Customers
- Blind and Pardanishin also under Medium Risk Category (cir 247/2010)

For this category, higher due diligence which includes customers background, nature and locality of activity, country of origin, source of funds and his client profile etc., decides proper introduction and identification.

High Risk Customers (Level 3 customers)

- Trusts, Charities, NGO and organizations receiving donations from foreign countries (cir 356/09). They have to submit permission from Ministry of Home Affairs for receiving donations from foreign countries. Branches to monitor that these funds are not flowing to terrorist organizations.
- Companies having close family share holding or beneficial ownership
- Firms with sleeping partners
- Accounts under Foreign Contribution Act.
- Politically exposed persons of foreign origin
- Those with dubious reputation as per public information available
- Accounts of non face to face customers
- High Networth Non Residents Accounts
- **Bullion dealers (including sub-dealers) & jewelers(Cir 6/2011)**

For this category, higher due diligence is required which includes customers background, nature and location of activity, country of origin, source of funds and clients profile besides proper introduction and identification.

Parameters adopted for Centralised fixing of Threshold Limit: (Cir.247/2010)

		Rural	Semi Urban	Urban	Metro
SB General	(101)	50000	One lacs	Two lacs	Three lacs
SB Cansaral	(108)	50000/-	50000/-	50000/-	50000/-
SB Canchamp	(109)	50000/-	50000/-	50000/-	50000/-
SB Staff	(111)	One lac	One lac	One lac	One lac
Current		Rs.2 lakh	Rs.3 lakh	Rs.4 lakh	Rs. 5 lakh
OD/OCC		Rs.2 lakh	Rs.3 lakh	Rs.4 lakh	Rs. 5 lakh

Risk Perception & Review of Risk category: (Cir: 119/2008): Not less than once in six months as on 15th of May and November. (Review the risk perception of the customer and the threshold limit)

Threshold limits are to be fixed as per limits mentioned by customer at the time of opening the account and review the threshold limits once in 6 months.

Periodical updation of customer data: (latest photograph and address proof)

- Low Risk Customer: Once in 5 years
- Medium & High Risk Customers: Once in 2 years
- This exercise has to be done quarterly ie in April, July, October and January.

- **108/2008: Box: Simple KYC norms procedure for Canara Saral Accounts:** The introducer's account with the bank should be atleast 6 months old and should show satisfactory transactions. Photograph of the customer who proposes to open the account and also his **address needs to be certified by the introducer.**

- **151/2008 & 65/2010:** Transactions using forged or counterfeit Indian Currency notes to be reported under Counterfeit Currency Report (CCR). Attempted transactions by customers are to be reported under Suspicious Transactions Report (STR) even if the transactions are not completed by customers irrespective of the amount

- **Cir 328/2009:** Records of transactions to be maintained for at least **ten years from the date of transaction**, instead of ten years from the date of cessation of transactions, and records pertaining to identification of the customer and his address to be preserved for at least **ten years after the business relationship is ended.**

- **Politically Exposed Person (PEP):** Customer Due Diligence (CDD) + Enhanced monitoring on an ongoing basis required.
- **Cir.53/2010:** In view of the higher risk involved with the accounts of PEPs and relatives of PEPs, it is now stipulated that in the event of an existing customer or relatives of an existing customer subsequently becoming a PEP, the decision to continue the business relationship has to be taken by branch head in branches headed by Scale IV and above. For all other branches, the decision is to be taken by the executive overseeing MIPD & PP Section of the respective Circle Office.
- **Further Modified (Cir.226/2010):** It is clarified that the instructions are also applicable to accounts where PEP is the ultimate beneficial owner. Further, about PEP accounts, it is

reiterated that branches should apply enhanced CDD to PEPs, customers who are close relatives of PEPs, and accounts of which PEP is the ultimate beneficial Owner / beneficiary.

- **Accounts of Non face to Face customers:** This is opening of account without the customer coming to the branch. First credit should be by way of account credit. Documents should be certified /or/ attested. In case of cross border customer, the introducer should be a regulated body.
- **Retirement of import bills** – Applies to private imports where the amount involved is more than Rs.20000/-. Retirement of import bills should not be made by cash payment.
- **Whistle blowing:** It means reporting of irregular practices in any operational areas including frauds and malpractices by an employee to higher authorities. Whistle blowing to be done to any of the following: Vigilance department, HO; Executives in charge of HRM in CO; Executives @ RO // ZI // AGM @ Personnel wing, HO.
- Incentive to officers / clerical employees for completion of KYC/AML Certificate courses conducted by IIBF (Cir.311/2006) Incentive - Rs.3000/-
- To open account for close relatives of low risk customers e.g. **wife, son, daughter and parents** etc. who live with their husband, father / mother and son, the utility bills which are in the name of close relatives can be accepted. (Cir.57/2008)
- In case of salary account should accept letter / certificates issued by the employer as a KYC document, only in case it is issued by the competent authority of corporates/ reputed entities. Branches should also invariably obtain at least one of the officially valid identity/ address proof documents, in addition to the certificate/ letter from the employer, while opening accounts of salaried employees. (Cir376/2010)

Trusts / NGOs / Charities / Organizations - Receiving Foreign Funding (Cir.356/2009)

- Treated as High risk customers
- Such should obtain prior permission of Ministry of Home Affairs.
- Branches to submit the statement of inward remittances received by the Associations registered under Section 6(1) and Section 5 (1) of FCR Act to MIPD section of their Circle within 15 days from the due date as at March and September.

Revised KYC Norms for Proprietary Concerns: Cir.126/2010:

Branches to Obtain & Verify any of the 2 documents mentioned below: Proprietor's identification procedure and also verify documents in the name of Proprietorship concern like:

1. Proof of the name, address and activity of the concern, like registration certificate (in the case of a registered concern),
2. certificate / licence issued by the Municipal authorities under Shop & Establishment Act,
3. sales and income tax returns, CST / VAT certificate,
4. certificate / registration document issued by Sales Tax / Service Tax / Professional Tax authorities,
5. Licence issued by the Registering authority like Certificate of Practice issued by Institute of Chartered Accountants of India, Institute of Cost Accountants of India, Institute of Company Secretaries of India, Indian Medical Council, Food and Drug Control Authorities, etc.
6. Registration /licensing document issued by Central Government or State Government Authority/ Department as well as IEC (Importer Exporter Code) issued by the office of

DGFT may be accepted as identity document for opening of accounts of proprietary concern. (Cir.321/2010)

- **NREG Card** (The job card distributed under the Mahatma Gandhi National rural employment Guarantee (MG-NREG) scheme can be used as an identity card. It has the same status that a Passport, PAN card, driving license enjoy. Job card issued by NREGA duly signed by an officer of the State Government or the letters issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number is included in the list of officially valid KYC documents for the purpose of opening of accounts. However, Branches also have to obtain introduction as well as any one of the other valid identity/ address proof document along with the cited documents to make the account full KYC compliant.(Cir 42/2011)
- **AADHAR:**Is a 12 digit unique identity number which UIDAI will issue for all Indian residents. It is built on database linked to basic demographic and biometric information of resident concern. Aadhaar will prove identity but will not confer citizenship. It is sufficient to fulfill the KYC. Our Bank is one of the Registrars for Aadhaar enrollment. UIDAI's Know Your Resident (KYR) is treated as Know Your Customer (KYC).
- **WHAT IS KYR +?** The Registrars will have the flexibility to collect additional data / information besides the KYR fields from the resident at the time of Aadhaar enrollment for the various applications they have in mind. This additional information is referred to KYR+ [for e.g.: a banker registrar may collect some additional information necessary for opening of an account] (Cir 125/2011)
- **Cir 172/2010:** Banks shall maintain the record of all transactions including the record of all transactions involving receipts by Non Profit Organizations of value more than **rupees ten lakh** or its equivalent in foreign currency.
- **Cash Transaction Report (CTR):** All Cash transactions of the value of **more than Rs 10 lakhs** or it's equivalent in FC or series of cash transactions aggregating Rs.10 lacs or more in one month. Report to be submitted to FIU IND by 15th of succeeding month.
- All Cash Transactions of Rs.10 lakhs and above or equivalent in Foreign currency
- All series of cash transactions integrally connected to each other, though less than Rs.10 lakh each, aggregating Rs.10 lakh and above
- Report to Financial Intelligent Unit (FIU-IND) on monthly basis
- Records of ALM to be preserved for 10 years
- Domestic Wire Transfer Rs.50,000/- and above should contain full information like name, address, a/c number etc.
- **Suspicious Transaction Report (STR):** A transaction may be of suspicious nature **irrespective of the amount** involved. Branches should **not put any restrictions** on operations in the accounts where an STR has been made. There is **no periodicity of reporting** suspicious transaction.
- STR to be reported as and when without any periodicity
- The Suspicious Transaction Report (STR) **bank as a whole**, should be furnished to the FIU-IND, **within 7 days** of arriving at a conclusion that any transaction, including an attempted transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature.
- **Cir.112/2010:** To avoid repetitive generation of STR alerts for genuine accounts, '**white listing**' or '**Exempted Accounts Option**' has been provided in the web based AML package.

- Non suspicious accounts may be exempted from generating alerts for period upto **six months** at a time.
- **Street financing:** A person makes a draft payable in the name of another person from any particular bank for an amount less than Rs 49,000. This person, on whose name the draft is made, further endorses it in the name of another person in lieu of payment for purchase of goods or services. The draft is used as a payment cheque without real money changing hands. In the end, there is a specific group of people who deposits these drafts in their bank accounts, and takes a commission of 1-2% to encash them.
- **Money Mules:** Money mules are individuals with bank accounts recruited by fraudsters to receive cheque deposit or wire transfer for the purpose of money laundering. Money mules receive cheque deposits or wire transfers and then transfer these funds to accounts held on behalf of another person or other individuals, minus a certain commission.(Cir 418/2010)
- Branches/offices should exercise more caution while handling transactions involving countries listed by financial action task force (FATF) and take into account risks arising from deficiencies in AML/CFT regime of these countries. Latest inclusion Iran & Democratic People's Republic of Korea.
- Branches should check all the existing accounts for KYC compliance and mark all accounts individually as KYC compliant or KYC non-compliant in the CBS system and non KYC complaint account should be followed up for submission of KYC documents. Branches should freeze all accounts which still remain KYC non compliant as on **16.08.2011**. The process of freezing of KYC non compliant accounts should be completed by **31.08.2011**.(Cir 116/2011)

DEPOSITS: SAVINGS BANK

- Savings Bank Deposit is called the "Mother of all Deposits" (Cir 37/2008)
- Intended for savings for future. No restrictions on number and amount of deposit, can be made on any day.
- Joint accounts : Max.4 members

- Minors of age 10 years age can open self operated account in all our branches. The Bank will be implementing the provision of sending SMS alerts to the parents regarding all transactions in the account, as a precautionary measure. (Cir 424/2010)
- Minimum balance: Rural & Semi urban: Rs.100/- without cheque book and Rs.500/- with cheque book. Urban, Metro & Speccialised branches: Rs.500/- without cheque book and Rs.1000/- with cheque book
- Rate of interest : 4% wef 03.05.2011(RBI fixes)(ROI calculated on daily product basis from 01-04-2010 as per RBI instructions)Cir 82/2010
- In case of joint accounts with Illiterate and Literate: Operation by Illiterate or Jointly. In special cases, we can permit operation by literate only, by taking “Authorisation cum Indemnity letter” from illiterate person on stamped paper with requisite value.
- Cheque book can be issued for blind person for specific purpose
- Minimum amount of withdrawal /deposit is Rs.10/-
- TOD: Satisfactory dealings for 6 months. Scale IV and above can permit upto Rs.10000/-. TOD against expected salary maximum Rs.5000/- & for maximum 15 days but with the prior Permission of executive at CO (applicable for upto Scale III officers) No Powers to sanction TOD in SB/CA by authorities upto Scale III **(Cir 113/2010)**.
- Free DDs: Upto Rs.25000/- and upto 2 DDs basing on previous month’s minimum balance. In case of new accounts, upto Rs.10000/- can be issued free of charges without reference to minimum balance. To be permitted by branch in charge.
- Free Cheque leaves per year: 40. Above this Rs.3.00(urban and non individuals) and Rs.2-50(rural) per cheque leaf.(cir 07/2011)
- Total number of withdrawals (by cheque and withdrawal order form) should not exceed 50 for every half year ie Feb to July and Aug to Jan. Service charge of Rs.1/- per withdrawal in excess of 50 withdrawals with a minimum of Rs.5/- is to be collected at the time of applying SB interest.
- Foreign Students who are studying in India can open Ordinary SB account only. No QA22 concept now. Branches have to follow KYC guidelines and verify the status. Permissible credits are inward remittances and scholarship amount from local sources. If inward remittances are originated from other than the country of student, branches to ascertain the genuineness and credit to account. Repatriation after completion of course is permissible and branches to confirm that the repatriating funds are received by way of inward remittances only. (cir ID55 /2008)
- **Responsibility of Introducer (Cir.276/2006)**: Introducer must know the prospective account holder fully well. Mere acquaintance is not sufficient to introduce. Should there arise any occasion at a later date; the introducer should be in a position to give more details / identify about the a/c holder. This responsibility should be informed to the introducer.

List of Eligible Institutions permitted by RBI for opening SB accounts and earning Interest thereon (As per Manual of Instructions – SB/CA)

- Primary Co operative Credit Society financed by the Bank
- Khadi & Village Industries Board
- Agriculture Produce Marketing Committee
- Society registered under Societies Act or any other corresponding law in force

- Companies governed by Section 25 of Companies Act.
- Government Departments, bodies , agencies in respect of Grants, Subsidiaries released for implementation of various programmes, sponsored by Central Government.
- Development of Women and Children in Rural Areas (DWCRA)
- Self Help Groups – Registered and Unregistered, Farmers Club, Vikas Vahini
- Non corporate bodies viz clubs, societies, associations, schools etc.
- Trust, Executors and Administrators
- All monies contributed to Provident Fund
- Capital Gains Account Scheme 1988

List of Organizations/Institutions whose SB should not be opened:

- Government Departments, bodies depending on Budgetary allocation for performance of the functions.
- Municipal Corporations, Committees, Panchayat Samithis
- State Housing Boards
- Water and Sewage Drainage Boards
- State Text book Publishing Co-operative Societies
- Metropolitan Development Authority
- State, District level Housing Corporations
- Any Political Party
- Any Trading or Business or Professional concern, where such concern is Proprietary or Partnership firm or a Company.

Minimum balance waived in following circumstances:

- NRI while opening the account or having other deposits
- Zero balance accounts at the time of opening the account or if we are having any other deposit or Housing Loan account
- Students Accounts
- Pensioners drawing pension through our Bank
- Employees of our Bank
- Ex-employees of the Bank who are eligible for preferential rate of interest.
- Canara Super Salary Savings Account

RBI Guidelines on Pension Accounts

- The pensioner is not required to open a separate pension account.
- **Joint Account with his/ her spouse:** All Central Government Pensioners (except the pensioners of the Telecom Department) and those State Governments which have accepted such arrangement can open Joint Account with their spouses.

- The Joint Account of the pensioner with spouse can be operated either by “Former or Survivor” or “Either or Survivor”.
- The disbursement of pension by paying branch is spread **over the last four working days** of the month.
- March month - the pension is credited on or after the **first working day of April**.
- Account transfer from one branch to another branch of the same bank within the same centre or at a different centre – Permitted.
- He/ She can transfer his/ her account from one authorized bank to another within the same centre (such transfers to be allowed only **once in a year**);
- He/ She can also transfer his/ her account from one authorized bank to another authorized bank at different centre.
- The pensioner is required to furnish a Life Certificate/Non – Employment Certificate or Employment Certificate to the bank in the **month of November**.
- The pensioner’s account is **not** allowed to be operated by a holder of Power of Attorney.
- Cheque book facility and acceptance of standing instructions for transfer of funds from the account is permissible.
- **Deduction of Income Tax at source from pension payment:** The pension paying bank is responsible for deduction of Income Tax from pension amount in accordance with the rates prescribed by the Income Tax authorities from time to time.
- In our bank pension processing has been centralized at “Central Pension Processing Centre” located at Bangalore.(Cir 375/2010)

Canara Saral Savings Scheme

(Cir no.11/06,107/06, 160/06,185/06,187/06,208/06,233/06)

- Product Introduced for the purpose of Financial Inclusion w e f 01-02-06
- A “No-Frills” Savings Account for common man.
- Introducer: KYC fulfilled, satisfactory dealings for 6 months.
- Photograph and address of depositor to be certified by introducer.
- Initial deposit: Rs.25/-
- Cir 208/06- During Campaign, CANSARAL can be opened (initial deposit) with Rs.10 in Rural/Semi-Urban branches and Branch-in-charge can even waive this minimum requirement.
- Can be maintained with even Zero balance.
- Maximum 6 withdrawals per month including ATM withdrawals – permitted free of cost. Above this level, charge Rs.5/- per withdrawal at the discretion of branch manager
- Minimum deposit/withdrawal in cash is Rs.10/-
- Minimum withdrawal through ATM Rs.100/-
- If Balance in the account exceeds Rs.50,000/- or credits in a year exceeds Rs.1 lakh, (including other balances in RD/TD) – normal KYC .
- Cir 160/06- Cheque book (10 leaves per year) may be issued free of cost
- In addition to above cheque book, if party requires, we can issue by charging Rs.10/- per cheque book with 10 leaves
- As per Recommendations of Rangarajan Committee on Financial Inclusions, all Rural and Semi Urban Branches have to open at least 250 new accounts per branch per year under Financial Inclusion

- **Canara Nayee Disha**" is an umbrella of various financial Schemes custom made for the poor and the economically disadvantaged (for Canara Saral account holders)
- In CBS no frill account can be opened under two product codes 108(Without Smart Card number) and 109(With smart card number)(Cir 351/2010)

Canara FIND' booklet on Financial Inclusion through Nayee Disha (Cir 273/2010)

- To achieve 100% financial inclusion, RBI has advised the banks to extend the Banking facilities to all the un-banked villages having population of over 2000, by March 2012, either by opening branches or by Business Correspondent Model through Smart Cards
- Our Bank's Financial Inclusion Plan (FIP) for the next three years is brought out in the form of a booklet titled "**Canara FIND**".

Savings Mahotsav: Special Communication No. 66/2010

- * The period of the campaign is from 01.09.2010 to 31.03.2011.
- * Incentives worth approximately Rs.2.50 crore.
- * Prizes include Gold Coins and additional Business Development Expenses.
- * Rewards are offered for branches achieving the minimum stipulated growth.
- * Award for mobilizing "Canara Super Salary Accounts".
- * Exceptional performance awards. Big Catches awards. Early Bird Incentives.
- * New Branch Category awards.
- * Corporate goal – Rs.12,000 crore quantum accretion to SB and opening of 15 lac new SB accounts during the Campaign period.

SB Canara Champ Deposit Scheme

Cir 303/06 107/07 wef 14-11-06

- Scheme for Children upto the age of 12 years (i.e. till 11 years, 364 days)
- Initial deposit can be any nominal amount with a minimum of Rs.100/-
- Minimum 2 credits in a half year, aggregating Rs.500 in Rural/Semi-Urban and Rs.1000 in Urban/Metro excluding interest have to be made.
- No penalty for non maintenance of minimum balance
- Transfer of balance to KDR in excess of Rs.15000/- permitted and the proceeds of KDR to be credited only to Canchamp a/c.
- Cheque books are not issued under the scheme
- Joint accounts cannot be opened under the scheme
- Conversion of the account into regular SB account after the child attains majority
- A/c holder is eligible for EL if no withdrawals are there in SB till +2 education of child
- One Savings Box and Photo folder will be given
- Free collection of cheques upto Rs.25,000/- gifted to child
- Nomination & C – net banking facility available

SB Gold & Canara Premium Current Account

- Initial deposit Rs.50,000/- (cir 212/08)
- Average monthly balance Rs.50,000/-(cir 212/08)

- 50% concession on DD issue/ NEFT/RTGS. (DD concession is in addition to 2 DDs of Rs.25,000/- without commission)
- Free AWB, Debit Card
- Refund of usage in other bank ATM – Other bank charges will be reimbursed subject to maintenance of minimum daily balance of Rs.10,000/-
- Demat a/c opened free of charge
- No charges for IMB Banking
- Cheque book will be supplied with name of the depositor printed.
- If minimum balance is not maintained, benefits will be withdrawn and given benefits will be recovered
- **Contents Of Welcome Kit** : (to be given latest by 7th day of opening of a/c): Welcome letter signed by branch in charge, booklet on bank products, cheque book, Debit card, Credit Card, Internet Banking Pin Mailer and Telebanking Pin mailer.

Canara Super Savings Salary Account

(Cir no.106/2008, 240/08, 297/2009)

- Basically a Savings Bank account for employees of mid cap, large corporate, IT, ITES Companies etc. extending certain value added facilities to the account. The scheme is available in all the CBS branches
- **Who Can Open The Account:** Employees of mid cap, large corporate, IT, ITES Companies etc. (A minimum of 25 accounts are to be opened in each of the marketing venture. Else specific permission to be obtained from the Circle Head for opening accounts under the scheme)
- **Introduction (cir 240/08):** Introduction by the HR department of the employer in the application form, would suffice for opening of the account. This is applicable only to those employer (corporate/firm) who is our customer with satisfactorily conducted account with our Bank. In case of all other accounts under the scheme, a proper introduction by an existing account holder having a satisfactory account for not less than one year or by a person well known to the Bank is required for account opening.
- **Initial Deposit:** Account can be opened with zero balance. The initial credit could be by way of cheques / other instruments / credit of salary, etc.
- **Minimum Balance:** Zero balance account - the minimum balance requirement stipulated for normal SB accounts will not be applicable for the accounts under the scheme.
- **Facilities Available:** The account holders under the scheme shall enjoy the following facilities:
 - * No minimum balance requirement
 - * No ledger folio / transaction charges
 - * Free Pass Book / Free Cheque book facility (**as per extant guidelines**)
 - * Anywhere Banking
 - * Free Debit Card / Free Internet & Mobile Banking (IMB)
 - * Free fund transfer under IMB upto Rs. 1 lac per day for own account and Rs.50,000 for third party account **Here, the norms as applicable to new accounts opened under savings bank account will apply.**
 - * Free SMS alert for credits and withdrawals of more than Rs. 5000/-
 - * Online purchase of goods / booking tickets / making utility bills payment through Internet and Mobile (SMS)
 - * Free telebanking services

- * Online trading facility under De-mat (for Joint Accounts – Trading Account in the sole name for First holder of Depository account.
- * Fund transfer through RTGS / NEFT at 50% concessional charge
- * Can Mediclaim Group Insurance coverage at a competitive premium
- * Multi City Cheques facility
- * Instant Credit of cheques upto Rs. 15000/- subject to fulfilling the eligibility norms
- * 2 Free DDs/NEFT transactions upto Rs. 25000/- per month subject to maintenance of prescribed balance in the previous month
- * Refund of charges for usage of our Debit Cards in ATMs of other banks at designated centres subject to maintenance of minimum daily balance of Rs.10, 000/- (As per the norms of the Bank from time to time)
- * Sweep-in sweep-out facility above Rs. 15000/-
- * Standing Instruction facility

Opening of bank account and facility for withdrawal of pension to sick and physically handicapped pensioners.

(Cir 25/2009)

- In case of a pensioner who has lost both his hands and therefore cannot sign, his signature can be obtained by means of a mark.
- This mark can be placed by the persons in any manner. It could be the toe impression. It can be by means of mark which anybody can put on pensioner's behalf, the mark being put by an instrument which has had a physical contact with the person who has to sign.
- **Withdrawal of money from the account** in case of sick, incapacitated handicapped pensioners: Pensioner who is too ill to sign / cannot be physically present in the bank, but can put his thumb/toe impression on the cheque/withdrawal form, the thumb or toe impression should be identified by two independent witnesses known to the bank, one of whom should be responsible bank official.
- Pensioner who is not able to be physically present + not able to put his thumb / toe impression on the Cheque / withdrawal, a mark can be obtained on the Cheque / withdrawal form in the same manner as described above. That mark should be identified by two independent witnesses one of whom should be a responsible bank official.
- In both the cases (above), the pensioner might also be asked to indicate to the Bank as to who would withdraw pension amount from the bank on the basis of Cheque / withdrawal form as obtained above and that person should be identified by two independent witnesses. The person who is actually drawing the money from the bank should be asked to furnish his signatures to the bank.
- Cir 322/2009, 336/07 : **Accounts for persons with Autism, Cerebral Palsy, Mental Retardation** and Multiple Disabilities can be opened /operated by the legal guardians.
- The Guardianship Certificate issued either by the District Court under Mental Health Act, 1987 or by the Local Level Committees set up under the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 is acceptable for the purpose.

General Aspects:
(Ref: SB/CA Manual)

- Introduction is necessary as per KYC guidelines and also to get protection under section 131 of NI Act.
- Introducer – satisfactory dealings for one year (6 months for Cansaral) (Cir 108/2008 – Box item)
- In case where introducer has not come to the branch in person, NF154 to be sent by Registered AD.
- For Current Account - another CA holder has to introduce.
- If an account holder is not available for introducing, an introduction from a person well known to the Bank (who need not necessarily be our account holder) is required for opening the account.
- **Responsibility of Introducer (Cir.276/2006):** Introducer must know the prospective account holder fully well. Mere acquaintance is not sufficient to introduce. Should there arise any occasion at a later date; the introducer should be in a position to give more details / identify about the a/c holder. This responsibility should be informed to the introducer.
- For first 6 months, rubber stamp bearing "new account" to be affixed on cheque leaves(IBA guidelines)
- All debits of Rs.25,000/- and above in case of SB and Rs.1 lakh and above in case of CA to be authorized by Manager of Department/Branch in charge for first 6 months
- Withdrawals by way of Withdrawal form exceeding Rs.15,000/- to be authorized by Manager in charge of dept. in case of ELB/VLB and Branch incharge or line manager in case of large, small and medium branches (Cir no.170/2006 & 13/2009) However, all other aspects like checking / confirming the entry, verifying signature & other details etc., shall be carried out scrupulously by the concerned supervisor only.
- Deposits of Rs.1 lakh per person per Bank are having insurance coverage from DICGC. Premium is 10 paise per Rs.100- per annum, payable half yearly.
- Passport size/stamp size Photograph of depositor/authorized signatories
- Signature on reverse of photo – depositor and supervisor
- Photo not necessary for Pension accounts, employees accounts, term deposits below Rs.10,000/-, NNND a/c

NF 1001: Introduction of New Account Opening Form for savings bank / current accounts – Individuals: **Cir.144/2010**

PAN: Deposits exceeding Rs.50,000/- by way of cash. Obtain form NF961 (Form 60/61 combined form) in absence of PAN.

Form 60/61 is to be submitted to IT authorities of the concerned region, once in 6 months ie upto March in April and upto September in October. Form 60/61 to be obtained in duplicate. (Cir no.104/2007, 156/2008)

- It is not necessary to submit form 60/61 obtained for opening SB/CA.
- As per Section 272 b of IT Act 1961, failure to comply with provisions of submission of form 60/61 shall attract penalty of a sum of Rs.10,000/- (cir 156/08)

Current Account

- For Traders, Businessmen, Corporate bodies etc who operate the account frequently

- Minimum balance Rs.1000 for Rural / Semi - Urban branches and Rs. 5000 Urban / Metro branches
- Purdanishin Women CA not to be opened generally. However, they can be opened with prior permission of MIPD section of respective CO.
- Illiterate persons CA: Manager/SM can take decision and open
- Accounts with Minor as Proprietor: Should not ordinarily be opened. However there is no bar in opening such accounts, but over drawings not to be permitted.
- No Interest on CA. Interest at SB rate in case of deceased parties. RRBs sponsored by us ONLY may be paid interest as advised by HO.
- Permissible TOD: 10% of the delegation of powers for sanction of clean loans. Upto Scale III no TOD sanctioning power. (Cir 432/2010)

Fixed Deposits (FDR):

- Minimum deposit: Rs.1000/- : Maximum no ceiling
- Period: Minimum 7 days for deposits of Rs.5 lacs and above and 15 days for less than Rs.5 lacs deposits. Maximum 120 months.
- In case of single deposits of Rs.1 crore and above, wherever closed before maturity- Base Rate with 1% Penal Cut.
- Monthly Interest: Min. deposit Rs.1000/- and min. period 1 year. If deposit is Rs.10,000/- and above, less than 1 year period also monthly interest payable
- Payment of additional interest @1.28% over and above interest rate permissible for domestic term deposits : For deposits accepted from Army Group Insurance Directorate, Naval Group Insurance Society and Airforce Insurance Group society (Ref: SB/CA Manual page no.82).

Canara Samriddhi (Cir 33/2011)

- Introduced w.e.f. 04.02.2011.
- Available under a new product code.
- The scheme is available only as **KDR/FDR**.
- The scheme is available only for **Domestic, NRO & Capital Gains Account Scheme** deposits of **Less than Rs.1 crore**
- The **(Fixed)** maturity period of deposit is **1200 days**
- Premature closure is permitted.
- Such prematurely closed/part withdrawn deposits will earn 1% less interest from rate as applicable for the amount slab as ruling on the date of deposit and as applicable for the period run.
- The scheme will be on offer for a limited period.
- Attractive interest rate – **9.25% (+ 0.50% for Senior Citizens*)**
- (*) Senior Citizens not eligible for special rates under NRO deposits.
- Employees/ Ex-Employees/ Ex- Employee Senior Citizens/ Others eligible for preferential Interest rate **10.25%**

Canara Flexi Deposit Scheme:

- Combination of SB and FDR
- Min.Deposit Rs.15,000/- (Min.balance 10,000/- + buffer Rs.5000/-)

- Service charge to be levied if balance below 10,000/- on any day during the month
- Minors, Trading and Commercial Purposes – NOT Eligible
- Automatic transfer to FD in units of Rs.1000/- period:15days to 1 year

Canara Bank Auto Renewal Deposit (CARD) : w e f 18-01-1993

- Term deposits for a period of 15 days and above upto 46 days
- Automatic renewal facility upto maximum 12 times
- Scheme earns simple interest
- Balance included in FDR in general ledger

Deposits from Cooperative Banks

Cir.151/2010

Notional weightage is permitted to term deposits from co-operative banks towards reckoning of target achievement, subject to the following:

- Minimum amount of Rs. 25 lakh.
- Minimum period of 3 months.
- 50% of the quantum of term deposit outstanding over and above the level outstanding as on 31.03.2010 shall be reckoned for Branch/CO target both under aggregate and average deposits

Capital Gains Accounts Scheme:

- Exemption under Section 54, 54B, 54D, 54F or 54G of Income-Tax Act.
- Accounts can be opened by an individual or on behalf of a minor, HUF, a firm, a company or an association of persons or a body of individuals. Joint Accounts can not be opened under the scheme.
- Capital Gains accounts can be opened as SB-Capital Gains Account Scheme or Term Deposits – Capital Gains account scheme (similar to KDR or FDR)
- Current Account Capital Gains Scheme can be opened by Bohra Muslim community only
- Except under circumstances specially permitted for the purpose, withdrawals can be made only after the expiry of the period for which the deposit under this account has been made and accepted.
- No Cheque book facility
- Nomination: Depositor of this scheme may nominate upto 3 nominees.
- NRE, FCNR accounts can not be opened
- Minimum balance applicable as regular deposits
- Preferential rate of interest should not be allowed for Capital Gains Account (Senior Citizens and Employees – No preferential rate of interest)

Part Withdrawal Facility

- Permitted per unit of Rs.1000/-
- If amount of deposit accepted in odd amount, odd amount is treated as a unit. Example: The deposit of Rs.10,505/- may be treated as 10 units of 1000/- and one unit of Rs.505/-
- For deposits below 100 lakhs – 1% penal cut

- All deposits of domestic, NRE FDRs, KDRs accepted on or after 27-02-96 are eligible
- Applicable for all branches.

Canara Tax Saver

(229/06, 292/06, 50/07, 227/08, 199/2010, 271/2010, 34/2011)

- Minimum Deposit Rs.100/- and multiples of Rs.100/- maximum Rs.1 lakh
- Opened as KDR or FDR
- Individual account - can be in the name of the individual or in the capacity of karta for HUF
- Joint accounts up to 2 persons only
- Under Section 80C of Income Tax Act, 1961
- Period : 5 years only
- No loan facility and can not be accepted as collateral security also.
- Nomination available. In case of death, deposit can be closed before maturity and paid to nominee.
- No nomination shall be made in respect of deposit applied for and held by or on behalf of a minor.
- No closure before maturity
- Interest : 5 years : 8.75% w.e.f.04-02-2011 (cir 34/2011) (including employees, ex-employees, senior citizens)

Ashraya Deposit Scheme for Senior Citizens

(110/05)

- Persons who completed age of 60 years and above
- Individually or jointly
- NRIs not eligible.
- Additional Interest of 0.5% above the applicable rate of interest, irrespective of size and period of deposit.(141/2011)
- For Ex-employee Senior citizens (60 years and above), an additional interest rate of 0.50% over and above their eligibility for preferential rate of 1.00% is to be extended for domestic term Deposits, irrespective of size of deposit , in the maturity slab of 5 years and above.(Upto 5years:1% extra, >5years:1.5% extra)
- **Senior Citizens, Employees, Ex-employees and Ex employee Senior Citizens are not eligible for additional interest rate for their Non Resident Term deposits.**
- RD and SB : No additional interest for senior citizens

Kamadhenu Deposits

- Minimum Rs.1000/- No maximum ceiling. Interest compounded quarterly.
- Minimum period 5 months Maximum 10 years. Court orders-more than 10 years also
- Wherever Bulk Deposits enjoying preferential rate of interest (Rs.100 lacs and above), if closed before maturity, only applicable base rate of interest is eligible, with 1% penal cut.
- 1% Penal Cut for closure before maturity.

- No interest payable if the deposit is closed before maturity before completion of 15 days period
- Loan upto 90% of balance subject to servicing monthly interest
- Cir 33/2011: Term Deposits- " For premature closure/part withdrawal of domestic term deposits of less than Rs.10 crore, the bank imposes a penalty of 1.00%. Such prematurely closed/part withdrawn deposits will earn interest at 1.00% below the rate **as applicable for the amount slab** (Deposit size of less than Rs.1 crore/Rs.1 crore to less than Rs.10 crore) as ruling on the date of deposit and as applicable for the period run **OR** 1.00% below the rate at which the deposit has been accepted, whichever is lower. "
- For premature closure/part withdrawal of single domestic term deposits of Rs.10 crore and above", the bank imposes a penalty of 1.00%. The deposit so withdrawn will earn interest at 1.00% below the rate as applicable for the amount slab of "**Rs.1 crore & above to less than Rs.10 crore**" as ruling on the date of deposit and as applicable for the period run **OR** 1.00% below the rate at which the deposit has been accepted whichever is lower ". (W.E.F. 04.02.2011)

Floating Rate Deposit Scheme

- Minimum amount Rs.10 lacs multiples of 1 lakh
- Only Fixed Deposit. NO KDR
- Min. period 6 months max. period 24 months
- Interest 30 basis points above the average monthly 91 days T – Bill as prevailed during the immediately preceding month.
- Interest will be reset on monthly intervals.
- No interest to be paid if deposit closed before minimum period of 6 months

Call deposits:

- Call Deposits can be accepted from contractors for submission to Govt. Departments or any other semi quasi Govt. Bodies/Departments relating to any contractos
- Call deposits are those which are payable on demand.
- NO cheque book and No interest payable.
- Treated as Current Accounts as per the norms of RBI.
- No loans against Call Deposits.

New Nitya Nidhi Deposit (NNND)

- Deposit should in multiples of Rs.1.
- It has been decided to enhance the maximum amount of collection per day per account on an average from the existing Rs.500/- to Rs.1000/- under the NNND scheme w.e.f. 01.09.2010. (Cir.308/2010)

- If the collection under any NNND account on any day exceeds the permissible limit of Rs.1000/- (i.e. Rs.1000/- per day permitted to accumulate upto maximum of 5 days), no commission should be paid to the NNND agent on the amount in excess of permissible limit of Rs.1000/- or Rs.5000/- as the case may be. **(Cir.308/2010)**
- Period: 12m, 39 m and 63 months
- Present rate of interest 1.5 (12m) and 2%(39,63 months) Cir 215/06 wef 10.8.06
- If closed before maturity within 1 year – Customers: No interest and commission paid to NNND agent will be recovered. For Staff: no recovery of agent's commission and 1% interest payable.
- If no remittances are there in the account continuously for 2 calender months, the account is treated as LAPSED. For revival, Rs.2 revival charges.
- If there are no remittances for a period of one year, account to be eliminated
- Loans upto 75% of balance
- Security deposit for NNND agent: Rs.1000/- initial and it will be increased to Rs.5000/- by way of monthly credits @10% of his commission in excess of Rs.300/-
- NNND agents commission: (Cir 99/08, 95/08 Box Item) : Rs.750/- per month linked with minimum deposit of Rs.7500/- per month. Incentive remuneration of 2% for collection over Rs.7500/- . Conveyance allowance of Rs.50/- per month for deposit of less than Rs.10,000/- and Rs.100/- per month for deposit of more than Rs.10,000/- upto or above Rs.30,000/- per month. Effective from 01-04-2001.
- TDS on NNND agents commission: For IT purpose, salary & gratuity are to be treated as salary and accordingly calculations/deduction to be done.(Memo no.17/2008)
- Gratuity paid to NNND agent to be debited to general charges- gratuity paid to NNND(Cir 160/05)
- NNND balancing as on last working day of each calendar quarter.
- Confirmation letter in NF139 to be obtained in April & October (immediately after completion of postings in March and September.
- If the collection under any NNND account on any day exceeds the permissible limit of Rs. 1000/- per day, it may be allowed to accumulate for 5 days. However, no commission to be paid in excess of Rs. 1000/- or Rs. 5000/-.

Special RD

- Minimum amount of installment: Rs.10,000/- and in multiples of 1000/-
- Minimum period 5 years and in multiples of 3 months thereafter, with maximum 20 years
- Instalments are quarterly/half yearly/yearly
- Penalty for delayed installments: 2% above deposit rate of interest
- Installments to be paid on respective due dates.
- Rate of interest as applicable to regular RD accounts
- Interest to be applied once in a year ie March.

Recurring Deposits

- Minimum Deposit Rs.50/- and in multiples of 50/-
- Minimum period 6 months and in multiples of 3 months thereafter max.120months

- Penal charges : Rs.1.50 per Rs.100/- installment per month in case of RD for 5 years and less, Rs.2/- per Rs.100/- installment per month for RD over 5 years. Credit to Commission A/c Miscellaneous
- Maturity on ostensible date/ or one month after payment of final instalment whichever is later(Ostensible date is the date on which the account completes the aggregate period of deposit as calculated from the date of opening the account)
- A discontinued RD is one where there is continuous default of 4 instalments
- Irregular RD is one where instalments are not paid regularly but maintained till maturity
- No preferential interest for Senior Citizen's RD accounts
- For RD accounts which have not completed 15 days, no interest to be paid.
- For RD which have not completed 3 months, but completed 15 days, only simple interest to be paid.

Gold Deposit Scheme

- Period: 3,4 & 5 years.
- Lock in period: 1 year
- Acceptance: Bars, Coins, Jewelry. Minimum 200 grams no upper limit
- Maturity proceeds : Gold/Cash at option of depositor at opening a/c. Only Gold if no option is there
- Interest: 3 yrs-3%, 4 years-3.25%, 5 years-3.5% rupee equivalent of gold at half yearly intervals.
- Loan upto 70% of value, interest as applicable to customer type.

Sulabh Account

- Provide automatic extension of OD facilities to depositors against TD at their option.
- Deposits in the individual name, joint names payable to all jointly or anyone, staff a/c.
- Minors, illiterates, blind, NRIs, Proprietorship, partnership, company not eligible
- Minimum Deposit – Rs.25,000/- for a period of 1 year or more for FDR/KDR
- For RD accounts, Minimum Rs.1,000/- for a period of 5 years or more

Obtention of Photograph (Recommended by Ghosh Committee)

- Passport size or stamp size photograph of customer has to be obtained at the time of opening the account.
- In case of Partnership Account, separate photograph of all partners to be obtained.
- In case of HUF, photograph of Kartha is to be obtained.
- In case of Clubs, Societies, Associations photograph of authorized signatories to be obtained.
- Account number, Name and Signature of account holder should be obtained on the back of photograph. Supervisor has to affix signature with date on the reverse of the photograph.
- Photograph to be obtained from Purdahnishin Woman also.
- Periodical obtention of photograph: For Low Risk Customers once in 5 years and for Medium & High Risk customer, once in 2 years (cir 119/08)
- For transferred accounts, photo to be obtained at transferee branch.
- For NNND accounts, Deposit accounts with maturity value of less than Rs.10,000/-, Staff Accounts - obtention of photo NOT necessary.
- On closure of account, photograph NOT to be returned to depositor
- Photographs are to be obtained in pre 1994 accounts also to make those accounts KYC compliant (cir 217/09)
- **Photographs are obtained to comply with KYC guidelines and also to avoid Benami Accounts.**

General Guidelines – Deposits:

Service Charges For Non Maintenance Of Minimum Balance In In-Operative SB,CA And Also Unclaimed Deposits (SB,CA) (Box Item. 07/2011)

- SB: Rs.50/- or available balance whichever is lower – Half yearly
- CA:Rs.75/- or available balance whichever is lower – Half yearly
- **Deposit receipts are treated as low risk security items.**

- * **Automatic Renewal Of Domestic Term Deposits On Due Dates:** (Cir 243/09,17/2011)
FDs and KDs are to be automatically renewed on the due dates for a similar period as per original application. Each renewal is to be treated as a fresh contract and the rate of interest prevailing as on the date of renewal/due date, shall be the new rate applicable for the renewed deposits. Automatic renewal of deposit is not applicable in case of a) Minor,b) Encumbered Deposit & c) Where alternate instruction is given.
- * **Opening the Accounts of Minors with Mother as Guardian:** Permitted. However, if any loan is to be granted for meeting the necessity of Minor, loan paper to be signed by father also.
- * In case of Joint Accounts, with **Either or Survivor clause**, on the death of one of the account holders, the other person can continue the SB account without closing the A/c.(cir 209/07).
- * **Overdue Deposits:** All term deposits which are neither repaid nor renewed as on due date shall be treated as Overdue Deposits.
- * **Modified Guidelines for Renewal of Overdue deposit.**(Cir146/2011)
- * **a) Where the overdue period does not exceed 14 days :**
- * If request for renewal is received after the date of maturity, such overdue Domestic/NRO term deposits shall be renewed with effect from the date of maturity for a minimum period of 15 days or more as specified by the depositor beyond the date of presentation

and interest shall be at the rate prevailing on the date of maturity applicable for the period for which the deposit is renewed.

- * **b) Where the overdue period exceeds 14 days:**
- * If request for renewal is received after the date of maturity, such overdue Domestic/NRO term deposits shall be renewed with effect from the date of maturity for a minimum period of 15 days or more as specified by the depositor beyond the date of presentation and interest shall be at the rate prevailing on the date of maturity or date of renewal as applicable for the period for which the deposit is renewed, whichever is the least.
- * **c) Where the deposit is not renewed but encashed after the date of maturity :**
- * If the overdue Domestic/NRO term deposit is not renewed on maturity but encashed, the overdue Domestic/NRO term deposit will be paid interest at Savings Bank rate as applicable from time to time during the overdue period (eg. SB interest rate from 01.03.2003 to 02.05.2011 was 3.50% and from 03.05.2011, it is 4.00%). (Cir 146/2011)
- * **Renewal Of Over Due Deposits >10 Years Overdue:** (Cir 16/2010) : Permission of Circle Head or DGM of MIPD & PP section is required for renewal since it is more than 10 years period and normally we can not accept deposits for more than 10 years.
- * **Issue of duplicate receipt:** By obtaining request letter and also indemnity in NF 142 duly stamped as an agreement where deposit amount exceeds Rs.5000/-. Upto Rs.5000/-, indemnity agreement to be obtained without stamp duty.
- * **Changing Specimen Signature:** Obtain in person. New specimen signature to be countersigned by 2 officials of the branch

Transfer of Accounts from One Branch to another

(Cir no.7/05)

- Transfer of deposits at the specific request of the depositor.
- Branches permitted to transfer term deposits from one branch to another branch outside the City/Town/Municipal area during the tenure of the deposit up to a maximum of Rs 5 lakhs under domestic/NRO/NRE deposits and the equivalent of US \$ 10000/- under FCNR deposits.
- Prior permission of CO to be obtained for transfer of deposits exceeding the above mentioned limits outside the City/Town/Municipal area.
- Branches to ensure the need and necessity for transfer of deposits with strict compliance of KYC norms. These guidelines applicable to newly opened branches also.
- Only COs are empowered to permit the transfer of deposit with the same City/Town/Municipal area during its tenure, irrespective of the amount.
- Transfer of Deposits to be made by way of DD only.

Attachment Of Term Deposits – Renewal Of Deposit

(Cir 272/08, 280/09)

- Term Deposits Accounts frozen by the Enforcement Authorities: For renewal, branch has to obtain letter from depositor and depositor has to inform the branch regarding the period of further renewal. If depositor does not mention the period, deposit is to be renewed for earlier period of original deposit.

- No new receipt is required to be issued. However, the fact regarding attachment is to be clearly marked in the system for the renewed deposit also.
- Renewal of deposit may be advised by registered letter/speed post/courier service to the concerned Government Department under advice to the depositor. In the advice to the depositor, the rate of interest at which the deposit is renewed should also be mentioned

Preferential Rate of Interest (Cir 15/2009)

As per RBI guidelines, preferential rate of interest (presently 1% over and above applicable rates or within maximum ceiling prescribed) shall be paid only on deposits standing in the name of the following categories of employees:

- An employee of the Bank confirmed or Probationary either singly or Jointly with any other member or members of his/her family.
- The Chairman/CMD/ED of the Bank
- An employee of our Bank who has been deputed outside or elsewhere
- A part time employee who has been given Staff Number
- A Retired employee including an employee who has voluntarily retired
- Workmen employees who has opted for pension and resigned under the service of Voluntary Retirement putting in not less than 20 years of active blemish less service
- Workmen employees who have completed 25 years of active blemish less service and resigned
- Officer employee who has served the Bank for a period of not less than 20 years with active blemish less service, resigned to Bank under Voluntary Retirement Scheme
- Officer employees who have served the Bank for a period of not less than 25 years of active service and with blemish less record, resigned from the service of the Bank Prior to the introduction of Scheme of Voluntary Retirement.
- All employees who have served the bank for a period of not less than 15 years and resigned under the scheme of Voluntary Retirement including SVRS.
- Spouse of the deceased employee in his/her single name.
- Spouse of the Deceased Retired employee in his / her single name.
- An Association or Fund of all members of which are our Bank employees.
- Not eligible for preferential rate in: NRE/FCNR/RFC deposits.

Inoperative Accounts

- Not operated for over 2 years from the date of last transactions other than bank induced debits.
- Zero balance accounts, not operated for 6 months to be closed.
- After transfer to inoperative account – **request letter for revival** of account should be sent. For accounts with balance more than Rs.1000/- subsequent request letters for revival may also be sent at the discretion of Manager.
- **Notice for closure** of inoperative SB // CA accounts should be sent (NF 799) if the balance is less than the minimum balance as applicable to the branch.
- Debits should be permitted only after transferring the account to operative category. This is done after obtaining request letter from the party which is also permitted by the Manager in charge of branch / department.

- In case cheque is presented in clearing, transfer the account to regular, pass the cheque and send thanks giving letter by registered post for regularizing the account.
- If third party cheques / clearing cheques are received in the inoperative account, then Manager should pass the same. Thanks giving letter should be sent by Regd Post AD for reviving operations in the a/c.
- **Precautions as applicable to New Account should be made once it is transferred to Operative category.**
- On receiving notice of death of the depositor, the branches should transfer the account to inoperative account, if the legal heirs of the deceased depositors do not submit claim papers early. The unsettled account should not be allowed to remain in the operative ledger for more than **2 months** from the date of notice.
- **Cir 378/2009**: Crediting FDR interest to operative account is treated as customer induced transaction. Such accounts to be classified as in operative after 2 years from the date of last credit of FD interest (if no other customer induced transactions are not there in such operative accounts)

Unclaimed Deposits

- All deposit accounts not operated for above 10 years except interest credits and other bank induced debits like service charges.
- To be transferred to BSCA section, HO as on 31st December every year
- Not Eligible for transfer to HO: SL, FCNR, Cr Bal.in Loan A/cs, Accounts with balance less than Rs.20/-, Accounts with special status viz. Blocked, Frozen and attached as per the orders of Court, Tax/Revenue authorities - NOT to be transferred to HO as unclaimed deposits.
- For getting back to branch, request letter - lodge in OSC on BSCA, HO. In case cheque presented in clearing, raise BAR on BSCA, HO.

Withdrawals in Employees Accounts- Authorisation

- Upto Rs.5000/- by supervisor
- Upto Rs.10,000/- by officer
- Above Rs.10,000/- by Manager/Sr.Manager
- In extension counters, official in charge can authorize above Rs.5000/-

New TDS Provision: (Cir. 79/2010; Previous Cir. 417/2009) As per **New Section 206 AA of IT Act**: Tax at higher of the prescribed rate or 20% will be deducted on all transactions liable to TDS, where the PAN of the deductee is not available (effective from 01-04-2010)

Use of Ultraviolet Lamps

- Cash cheques Rs.1000/- and above transfer items above Rs.5000/- are to be screened under Ultraviolet lamp.
- Gift cheques of Rs.1001/- (Gift cheques since withdrawn – Cir 315/2008)
- HOBA are to be screened.

Payment of Cheque after Business Hours

- Managers/Senior Managers are empowered
- After business hours but within office hours
- Maximum Rs.10,000/- per party – with in the available balance , no TOD
- Employees not eligible

Noting Of Lien of Other Bank/Financial Institutions on Our Deposits

- Noting of lien of Financial Institutions on our deposit receipts is prohibited.
- In exceptional and deserving cases, DGM of the C.O may permit the branches subject to condition that the deposit is not encumbered.
- If our lien is already there, in very exceptional case may note the lien of other institutions subject to our paramount lien.
- Right of lien would be conferred only on the maturity of the deposit.

Policy guidelines on dishonor of cheques of value less than Rs.1 crore and dishonor of ECS mandates.

CIR. 134/2010

- * As per circular 106/08, cheques which have not been drawn as per apparent tenor or without adequate balance shall be dishonored. Apart from charging appropriate penal charges and interest, Bank reserves the right to close the account. In such cases, account should be closed after giving 14-day notice to the account holder.
- * Dishonour of cheques of value less than Rs.1 crore, on **six occasions** during the financial year will attract stoppage of cheque book facility and closure of account
- * If cheque is returned for 5th time, send caution notice to customer and inform that if cheque is returned for 6th time during a financial year, account will be closed.
- * Bank will be constrained to close the account, if **ECS mandates** are dishonored for the reason insufficient funds on **four occasions** during the financial year. Serve notice to party after returning ECS for third time.
- * **Circle Head** has the discretion to waive the above condition, on case to case basis
- * Reporting: For value of cheque return, Rs.10 lacs to Rs.1 crore, report to MIPD,CO on monthly basis
- * In the event of dishonor of cheques valuing more than Rs.1 Crore and above drawn on a particular account on **4 occasions during a financial year** for want of funds, NO fresh cheque book should be issued.
- * Closure of such accounts (including OD / OCC A/c) may be considered at discretion

Revised Service Charges on Deposit Related Matters

(Cir 231/2007, 323/08, 263/2010, 382/2010, 7/2011)

- Rs.100/- per ledger folio (40 entries) in case of CA, subject to permitted free folios basing on average balance. No folio charges for accounts with daily average balance of Rs.5 lakhs and above.
- Rs.100/-, 60/-, 40/- for issue of balance certificate (Other than individual, Individual - Other than Rural and Rural)
- Duplicate pass book/pass sheet with latest balance: Rs.85/-, Rs.60/-, Rs.40/-
- Additional Pass sheets: Rs.20/- , Rs.10/-, Rs.10/- per page (Non Ind., Ind-U, Ind-R) with minimum of Rs.40/-, Rs.30/-, Rs.40/- per occasion.(SB)
- Additional Pass sheets: Rs.30/- , Rs.20/-, Rs.20/- per page (Non Ind., Ind-U, Ind-R) with minimum of Rs.80/-, Rs.60/-, Rs.60/- per occasion.(CA/OD/OCC)
- Non maintenance of minimum balance in SB: Rs.30/- flat per month. No charges for Senior Citizen.
- Issue of duplicate Deposit Receipt : Rs. 50/- per receipt
- Non maintenance of minimum balance in CA: Rs.60/- per occasion with maximum Rs.300/- per month.
- Service Charges for Inoperative SB below minimum balance: Rs.50/- per half year. Applicable for unclaimed deposits also.
- Service Charges for Inoperative CA below minimum balance: Rs.75/- per half year. Applicable for unclaimed deposits also.
- Deletion of Deceased person's name or change in name of companies etc. Rs.100/- per occasion. No charges for individual accounts.
- Change in Authorised Signatories of companies , clubs and societies :CA/OD/OCC : Rs.100/- per occasion
- Loss of Token : Rural Branches Rs.30/- and Urban branches : Rs.60/- per token
- Registering Power of Attorney / Letter of Authority: Rs.100/- all accounts per annum
- Issue of Certificate for Passport – common for rural and other type of branches : Rs.100/- per certificate
- Account closure with in 1 year: SB with ch book: Rs.200/-, Rs.150/- Rs.100/- per account (Other than individual, Individual Other than Rural and Rural) and without cheque book :Rs.100/-, Rs.75/- Rs.50/-
- CA closure Rs.750/- Rs.500/- Rs.200/- per account.(O T Ind., O T Rural, Rural)
- Signature verification:Rs.100/-, Rs.75/- Rs.50/-. Per case.
- No due certificate charges for Ag & Priority : Rs.10/-
- No Due Certificate charges for Non Individual:Rs.150/-, Individual – Urban: Rs.100/-, Individual –Rural Rs.50/- per certificate.
- Stop Payment Instructions: SB: Rs.100/-, Rs.60/-, Rs.40/- CA / OD / OCC: Rs.200/-, Rs.100, Rs.100/-. Cancellation of stop payment instructions: Rs.40/-, Rs.30/-, Rs.20/-.
- Bills Rs.10 lakhs and above : maximum Rs.15,000/-
- Branch managers can waive/relax service charges in SB for non maintenance of minimum balance upto 10 times in previous 3 months.
- For pensioners and Senior Citizens : no penal charges for non maintenance of minimum balance
- NEFT : Rs.5/- for funds transfer upto Rs.1 lakh, Rs.15/- for above 1-2 lakhs and Rs.25/- for > Rs.2 lakhs (Service tax to be collected extra as per cir 20/2009)
- RTGS : Rs.25/- for funds transfer above Rs.2 lakh to Rs.5 lakh, Rs.50/- for above Rs.5 lakh (Service tax to be collected extra as per cir 20/2009)
- Safe custody: Rs.500/- min. per packet
- Instruments Directly received by post : Rs. 20/- per credit / instrument
- Collection of instruments favouring Physically challenged persons / blind : For instruments up to Rs. 10000/- : No charges.

- Collection of charges for scholarships amount payable to SC / ST students : Waived
- CASH HANDLING CHARGES: No charges for cash remittances of up to Rupees One Lakh per day per account. For cash deposits above Rs. 100000/-, cash handling charges @ Re. 1/- per Rs. 1000/- or part thereof shall be collected, subject to a minimum of Rs. 100/- and a maximum of Rs. 2500/- per transaction.
- Cash handling charges shall be collected from customers for remitting cash to the credit of their CA / OD / OCC accounts, at the base branch only.
- Customers are exempted from cash handling charges for remitting cash to their SB accounts irrespective of the amount.
- CBS Branches: Remittance of cash: INTRACITY (within city): Other than SB: Above Rs. 25000/- : Re. 1/- per Rs. 1000/- or part thereof Minimum Rs. 25/- Maximum Rs. 5000/-
- INTRACITY TRANSACTIONS : Above Rs.25,000/- Re. 2/- per Rs. 1000/- or part thereof - Minimum Rs. 50/- Maximum Rs. 5000/-. Cash withdrawal- Free. Maximum withdrawal Rs.50000/- permitted.
- INTERCITY TRANSACTIONS (Outstation Branches) : Above Rs.25,000/- Re. 2/- per Rs. 1000/- or part thereof - Minimum Rs. 50/- Maximum Rs. 12000/-. Cash withdrawal- Above Rs.25,000/- : Rs.2/- per thousand or part. Maximum withdrawal Rs.50000/- permitted.
- For funds transfer intercity: NEFT/RTGS charges
- For Depositing cheques at branches in drawee place: OSC charges.
- For reset of Password in IMB, Rs.10 per/instance to be charged.

TDS On Deposits

- New TDS Rate: Applicable with effect from 1st April 2010. Tax at higher of the prescribed rate or 20% will be deducted on all transactions liable to TDS, where the PAN of the deductee is not available.
- Interest earned in a year if exceeds Rs.10,000/-, TDS to be deducted
- Obtain Form 15G (15H if depositors age is 65 years and above) for exemption, in duplicate
- Declaration valid for one financial year only. Obtain fresh 15G/15H every year
- TDS not applicable for interest paid on SB/RD

Loans Against FCNR (B) / NRE deposits maximum amount enhanced to Rs.100 Lakhs (CIR 160/09)

PRIORITY SECTOR CREDIT

(Cir no.150/2007) w.e.f.30-04-2007

(Changes suggested by C.S.Murthy Committee - Cir 150/07, 44/08, 134/08)

Targets:

- Priority Sector Advances : 40% of Adjusted Net Bank Credit (ANBC)
- Total Agriculture : 18% -do-
- Direct Agriculture : Minimum 13.5% -do-

- Indirect Agriculture : Maximum 4.5% -do-
- Micro Enterprises : : 60% of total MSE advances.*
- (*) As per TKA Nair committee: this 60% to be achieved in stages ie 50% by 2010-11, 55% by 2011-12, 60% by 2012-13.
- 60% of Small enterprises advances should go to Micro enterprises.
- 40% of total advances to SE should go to Micro (mfg) Enterprises having investment in P/M up to Rs.5 lacs and Micro (service) Enterprises having investment in equipment up to Rs.2 lac;
- 20% of total advances to SE should go to Micro (mfg) Enterprises with investment in P/M above Rs.5 lac and up to Rs.25 lac, and Micro (Services) Enterprises with investment in equipment above Rs.2 lac and up to Rs.10 lac. Advances to Weaker Sections : 10% of ANBC
- DRI : 1% of previous year gross credit

- ANBC or Credit equivalent Off-Balance Sheet Exposure will be computed as on 31st March of previous year. (ANBC as on March 31st of Previous year)
- **ANBC denotes Net Bank Credit (NBC) plus Investments made by banks in Non-SLR Bonds held in HTM category or Credit pertaining to Off Balance Sheet Items which ever is higher**
- Priority Sector Target for Foreign banks : 32% of ANBC
- Export credit is not a Priority Sector credit for Indian banks. But, for foreign banks, 12% of ANBC under export credit is Priority credit.
- A target of **12% of ANBC** is to be achieved by domestic banks outside the priority sector under **export finance**. This is called as preferred sector. RBI will review this on HY basis and failure to achieve stipulated levels will attract bank specific policy responses like increasing reserve requirements for the bank etc. (RBI Master Circular on Rupee / Foreign Currency Export Credit & Customer Service to Exporters dated 1.7.2010)
- MSE targets within Priority sector: No sub targets for Indian Banks where as 10% of Priority should go to MSE sector in case of Foreign Banks.
- For Indian Banks, growth in Number of MSE Accounts: 10% per annum.
- SME advances growth : 20% year over year growth.

Agriculture: Direct finance:

- **Finance to Individual farmers , SHGs and JLGs** given for agriculture purpose: Irrespective of quantum, it is direct finance to agriculture ie for crop production and term loans – investment requirements for agriculture and allied activities.
- **In Case Of Others Such As Corporates, Partnership Firms And Institutions :** Finance upto Rs.1 crore per borrower for agricultural purposes and one-third of loans in excess of Rs.1 crore.
- Advances upto Rs.10 lakhs against hypothecation of agricultural produce including warehouse receipts for a period of 12 months. The ceiling of Rs.10 lakhs applies for finance to corporates, partnership firms and institutions also – cir44/08
- Loans to Small and marginal farmers for purchase of land for agriculture purposes
- Loans to distressed farmers indebted to non-institutional lenders, for repayment(Debt Swapping)
- Loans granted for pre-harvest and post harvest activities

Indirect finance to agriculture:

- Two third loans to Corporates, Partnership firms and institutions in Excess of Rs.1 crore per borrower for agriculture and allied activities.
- Food and Agro based processing units undertaken by individuals and SHGs in rural areas with investment in Plant & machinery upto Rs.10 crores
- Loans to food and agro-based processing units with investments in plant and machinery upto Rs.10 crores, undertaken by those other than individuals SHGs and co-operatives in rural areas, irrespective of the locations is to be classified as indirect finance to agriculture Cir 44/08. Even if the unit is registered as SSI Unit/Micro or small enterprise, it can be classified as Indirect Fiance to Agirculture.
- Credit to Fertilizer and pesticide dealers , seeds etc.
- Loans upto Rs.40 lakh for purchase & distribution of inputs to allied activities such as Cattle feed, poultry feed etc
- Finance to Agro Clinics & Agro Business Centres
- Construction and running Storage facilities like Cold Storage units, godowns etc.
- Drip and Sprinkler irrigation dealers upto Rs.30 lacs per dealer
- 100% Credit outstanding under GCC (Cir no.134/08)
- RIDF bonds of NABARD invested upto 30-04-07 only.
- Overdrawing in Cansaral accounts at Rural/Semi Urban branches -Eligible to be classified as Indirect Finance to agriculture (cir no.134/08)
- All loans granted by commercial banks/sponsor banks to Regional Rural Banks for on-lending to agriculture and allied activities sector are Indirect Finance to agriculture in the books of the commercial banks. cir 44/08. However RRBs should not classify these advances as priority sector in their books.

Small Enterprises (cir no.147/07, 48/2010) w.e.f. 01-05-2007 as per MSMED act enacted on 16-06-2006 and notified on 02-10-2006

Direct Finance:

- Manufacturing Enterprises : a) Micro Enterprises: Investment in plant & machinery upto Rs.25 lakhs b) Small Enterprises: Investment in plant & machinery exceeding Rs.25 lakhs and upto Rs.5 crores
- Service Enterprises: a) Micro enterprises: investment in Original Equipment cost not exceeding Rs.10 lacs b) Small Enterprises: Original Equipment cost exceeding Rs.10 lacs and upto Rs.2 crores.
- Khadi & Village Industries Sector (KVI): Irrespective of size, location, included under Micro sector ie within 60% target.

Additions In Manufacturing Activities: (Cir 225/09):

- Composite unit of Bacon Processing and Piggery Farm, Medical equipment and Ayurvedic Product, Tobacco Processing, Beedi / Cigarette manufacturing and other tobacco products, Extraction of agave spirit from Agave Juice, Manufacture of Bio fertilizer

Additions In Service Sector: (Cir 225/09):

- | | |
|--|--|
| ➤ Sanitation Services (Hiring of Septic tank | ➤ Placement and Management Consultancy |
|--|--|

<p>Cleaner) Clinical / Pathological Laboratories and scanning, MRI Tests</p> <ul style="list-style-type: none"> ➤ Hospitals ➤ Agri-Clinic and Agri-Business ➤ Restaurants with Bar ➤ Canteens ➤ Hotels ➤ Motel Industry ➤ Educational Institutions ➤ Consultancy services including Management services ➤ Renting of agricultural Machinery (Harvesting) ➤ Composite broker services in Risk and Insurance Management ➤ Third Party Administration (TPA) Services for Medical Insurance Claims of Policy holders ➤ Seed Grading Services ➤ Training-cum-incubator Centre ➤ Training Institutes ➤ Practice of Law, i.e., legal services 	<p>Services</p> <ul style="list-style-type: none"> ➤ Advertising agency and training centres ➤ Retail Trade ➤ Trading in Medical Equipments (brand new) ➤ Investment In Wind Mills: To be included in P/M (Cir.48/2010) ➤ Printing & Publishing Units: Activities such as Printing, Printing & Publishing as an integrated unit shall be categorized as manufacturing activity. ➤ Activities such as publishing shall be considered as service activity (Cir 183/09) ➤ In calculating the investment in plant and machinery, the cost of pollution control, research and development, industrial safety devices and such other items shall be excluded. ➤ Advances to Micro and Small enterprises will be treated as Priority sector advances and Advances to Medium will be treated as Non-priority.
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Indirect finance:

- Loans to NBFCs for on lending to Micro enterprises
- Persons involved in assisting decentralized sector in supply of inputs to artisans, village and cottage industries and marketing their products.

Retail Trade (included under Service Enterprises under MSE Sector) **Reserve Bank of India has advised banks to treat retail trade upto Rs.20 lacs as SME.** (Cir 330/2009)

Micro Credit: Not exceeding Rs.50,000/- per borrower provided by bank either directly or indirectly through SHG, JLG or NBFC/MFI for on lending upto Rs.50,000/- per borrower.

Loans to Poor (other than Rural) indebted to non institutional lenders ie Debt Swapping Scheme Rs.50,000/-

Education:

- For individuals upto Rs.10 lakhs for inland studies and Rs.20 lakhs for studies abroad
- To NBFCs for onlending to individuals upto Rs.10 or 20 lakhs as above.

Housing:

- To individuals – upto Rs.25 lakhs(As per latest Budget speech)
- Repairs Rs.1 lakh in Rural& Semi Urban and Rs.2 lakhs in Urban and Metros
- To Government agency for slum clearance, with ceiling of Rs.5 lakhs per dwelling unit
- To non government agency approved by NHB-Rs.5 lakhs per dwelling unit.

Other features of guidelines:

- **Investment in Securitised Assets:** Investments representing various categories of Priority Sector shall be classified under respective categories of Priority Sector (direct or indirect) depending on the underlying aspects.
- **Outright Purchase of any Priority Sector Loan Asset:** Eligible to be categorised under Priority Sector, under the respective categories (direct or indirect) provided the loans are purchased from the Banks and Financial Institutions without recourse, and the loans are not disposed off within a period of 6 months from the date of purchase.
- **Investment by Banks in Inter Bank Participation Certificates (IBPCs) :** On a risk sharing basis, representing priority sector loans, under respective Priority Sector, where these are held for atleast 180 days from the date of investment.
- **Export credit limits to units engaged in agricultural & allied activities and Micro & Small Enterprises (Cir 176/2010) :** can be classified under Priority Sector as per definitions mentioned above.
- **Non Achievement Of Lending Target/Sub-Targets:** Scheduled Commercial Banks: Banks to allocate amounts for contribution to RIDF with NABARD. Interest rate will be decided by RBI. At present, interest is 6% p.a. if the shortage is less than 3% and 4% p.a. if the shortage is more than 3%.

Weaker Sections

(Cir no.169/07) Target 10% of ANBC or 25% of Priority
(Introduced in 1980 as per recommendations of Krishnaswami Committee)

- SF, MF upto 5 acres lands
- Aritsans, village and cottage industries, with limits upto Rs.50,000/-
- SGSY beneficiaries
- SC/ST beneficiaries
- DIR beneficiaries
- SJSRY beneficiaries
- SLRS beneficiaries
- SHGs
- Distressed poor to repay debts- Debt swapping scheme
- MINORITY COMMUNITIES for above purposes (cir 197/07)

Lending To Minority Communities

(CIR 197/07, 56/2008)

- Ministry of Finance, GOI has announced a list of 338 minority identified towns having substantial minority population to improve credit flow to minorities.. This is in addition to 121 minority concentration districts.
- * **PSR 7 – Minority Community statement** periodicity changed from half yearly to quarterly last Friday. Branches to submit with 5 days of the end of the quarter and Circle to HO within 10 days from the end of the quarter.
- * **Loan under NMDFC – National Minorities Development and Finance Corporation- Bank Finance 60%, NMDFC-25%, State-10% and beneficiary-5% (Margin Money Scheme)**

- * **PSR 67 Monthly Statement On Sensitive Sector. Due date** - last day of every month, before 5th of succeeding month(Cir 336/09, 402/09)

Priority Sector Loans – Processing Charges (CIR 433/2010)

Other than Agriculture:

Short Term Loans: Upto Rs.25,000/- : Nil, Above Rs.25,000/- : 0.2% - Min.250/- Max:5.00 lakh

Term Loans – Above 25,000/- : Upfront fee at 1% of loan amount

Agricultural loans:

All agricultural loans up to and including Rs.25000/- (including Gold Loans/GLOD) : NIL

Agricultural Term Loans (repayable in more than 36 months) :

Above Rs.25,000/- (with / without NABARD Refinance) : 0.50% of the loan amount
(No maximum ceiling)

Agricultural short term loans (including gold loans) :

(a) Rs. 25001/- to Rs. 2.00 lakhs : Rs.100/-

(b) Above Rs. 2.00 lakh : Rs.150/- per lakh or part thereof with a maximum of Rs. 2.50 lakh.

Inspection charges:

Weaker sections / govt. Sponsored schemes:

- Upto Rs.25,000/- NIL. Rs.25,000/- to Rs.2 lacs : Rs.20/- per inspection max.Rs.200/- per year
- Above Rs.2 lakhs: Rs.75/- per inspection with max.Rs.300/- per year.

Other Priority Advances:

- Upto Rs.25,000/- NIL. Rs.25001 to Rs.2 lakh : Rs.30/- per inspection with max.Rs.300/- per year
- Above Rs.2 lacs: Rs.250/- per inspection with maximum Rs.3000/-.

DOCUMENTATION CHARGES

- Rs.50/- per lakh or part thereof in all priority sector loan, except in the case of weaker section

AGRICULTURE

Targets:

- * **Coverage of Tenant farmers including Share croppers and Oral lessees** : minimum stipulated level 2.50% (Cir 185/2010).
- * **Debt Swapping Scheme for Farmers** : the envisaged flow of 3% of total credit flow to agriculture (Cir 185/2010)

- * Each Rural/Semi-Urban branches have to finance at least **250 New farmers** each year (Cir 266/2009)

Disposal of application:

- * Loan amount up to Rs. 25000/- : within 15 days
- * Loan amount > Rs.25000/- : 8 – 9 weeks
- * KCC with in Branch powers: 15 days (cir 35/2004)

Margin: (Cir no.157/03 & 255/2010)

- For Loans upto Rs.1,00,000/- No Margin.(cir 255/2010)
- More than Rs.1,00,000/- : 15 to 25% (for MF,SF upto Rs.2 lacs:10-15%)
- Agri Clinics, Agri Business Centres, upto Rs.5 lacs : No Margin Cir 172/04
- ALLHV : 10% (except MCVs and HCV – 25%) Cir 150/04
- Estate Purchase Loans: 50%

Security Norms: (Cir no.157/03 & 255/2010)

- With out Mortgage, upto Rs.1,00,000/- (Cir 255/2010). Beyond Rs.1 lakh, mortgage.

	Sub-Ceiling³	Overall ceiling²
Borrowers with 2 years satisfactory track record & where Charge is created under the State Act as per Talwar Committee recommendations	100000	125000
For KCCS loans to plantation crops, Tobacco and Sugarcane crop with tie-up subject to conditions ⁴	100000	150000*
(*) Ceiling for Crop loan -1,00,000/- subject to conditions ⁴		
⁽²⁾ Within the ceiling of Rs.1 lakh for crop production/investment/development loan		
⁽³⁾ Sub-ceiling for any one loan segment-Crop loans/development/investment loan		

⁽⁴⁾ **Subject to certain conditions:**

- * Good track record with standard asset status for past 2 years
- * However branches to obtain third party guarantee if the total exposure is set to exceed Rs.1,00,000/- (However, CO can waive obtention of third party guarantee selectively, on case to case basis)
- * In cases where the farmer cultivates other crops in addition to specific crops mentioned, loan for maintenance of other crops should not exceed Rs. 50,000/- out of total limit of Rs. 1,00,000/- but within Rs.1,50,000/- in the cases referred above
- * In case of Sugarcane crop, the relaxation is applicable to loans under tie-up arrangements with sugar factories only.

Sugar cane loans under Tie-up arrangements with Sugar mills that are rated in terms of scoring matrix devised for evaluating the strength of the Sugar Mill: Loans upto Rs. 1.50 lacs can be extended without insisting on mortgage under KCCS/Investment/Development Loans, either individually or put together. However Co-obligation /Guarantee is to be obtained for limits above Rs.100,000/-

Other guidelines:

- Hypothecation Board : All Agricultural loans above Rs.25,000/-. Exempted for Crop Loans irrespective of amount.
- Pre-Sanction visit waived for renewal of Crop Loans.
- PIPR quarterly basis – to be submitted for term loans of Rs.50 lakhs or above
- Appraisal of Term Loans by Agricultural Consultancy Services (ACS) for loans of Rs.50 lakhs and above.
- Insurance: Crop Insurance under RKBY. For others, insurance is waived upto Rs.25,000/-. For Govt.sponsored schemes – Insurance is must.
- Sanctioning Powers under Agricultural Advances:
- Small Branch: 3 lacs, Medium Branch: 8 lacs, Large branch: 15 lacs, VLB-DM: 50 lacs, ELB-AGM:75 lacs.
- Agriculture Credit other than term loans – DGM(at circle & branches) – Rs.4 crores (Cir 253/06)(other than estate purchase loans)
- Agricultural Loan for staff members should be sanctioned by DM and above of the Circle Offices subject to appropriate delegation of powers
- **In case of Natural Calamities:** District Collector through Lead Bank Officer may communicate crop loss. If DCC satisfies, WITH OUT ANNEWARI, relief measures may be extended. Branch managers are empowered to restructure existing loans and can grant fresh loans to farmers, with in branch powers.
- **No Due Certificate – New Guidelines (Cir no.257/07):** Agricultural loans upto Rs.50,000/- for SF/MF and Share croppers and AL – By obtaining declaration from the applicant that he does not have any borrowings from other financial institutions. In case of Others – Declaration and Local Enquiries
- **Service Area Norms :Cir 232/05):** Applicable for Government sponsored Schemes only. Branches can finance upto 16 kms in their command area for Priority Sector. Beyond 16 kms, next higher authority permission required.
- **Financing New Farmers (Cir 266/09) :** Each Rural/Semi-Urban branches have to finance at least **250 New farmers** each year. "New farmer" is one who is availing of bank credit for the first time (other than GL & VSL).
- **Unit Cost Fixation For Agricultural Term Loans(cir.no.289/07):** Unit cost for Investment & Development Activities for Agri Term Loans –Henceforth NABARD would not provide unit cost. Circle Office shall provide the updated Unit cost of Investment/development activities. Unit cost will be reviewed at annual intervals by CO

Waiver of Insurance for fish crops and bund structure for Inland fisheries projects-In respect of Working capital limits (cir 177/09): Conditions:

- Obtention of a corpus Fund as collateral at the rate of 3% of the limit
- If the limit/loan is secured by way of Immovable Properties for minimum of 100% of the exposure
- Experience of the borrower in the line of Inland fisheries for 3 years and above
- Satisfactory past dealings of the borrower for more than 3 years

Kisan Credit Card Scheme

(196/02, 35/04, 409/09)

- Purpose: Cultivation & other short term needs including consumption.
- Card valid for 3 years subjected to annual review.

- No drawal in the account should remain outstand for more than 12 months for short duration crops and 18 months for long duration crops.
- Folio Charges @Rs.100/- per half year (cir 152/2011)
- Payment of interest on par with SB account on credit balance in KCCS account
- Branch sanction - KCCS to be sanctioned within 15 days from the receipt of application completed in all respects
- May consider a higher quantum of loan for crop maintenance to the extent of 15-25% over and above the scale of finance
- For **all the crops** proposed in a year, requirement for **the entire year** can be worked out and the same can be fixed as the limit for crop production
- Loan limit should not exceed 50% of value of the produce
- **Interest subvention for short term Crop production loans to farmers up to Rs.3 lacs during current year. Interest subvention of 1.5 % available for a maximum period of one year. Additional Interest subvention of 2% for prompt payment subject to a maximum period of one year. (Cir.346/2010)**
- Present Rate of Interest: 11% upto Rs.3 lacs and slab rate above 3 lacs (cir 132/2011)
- The requirements would be arrived at as under :

Sub-limit	Norm
Crop maintenance (A)	As per Scale of Finance
Sub-limit for Working capital requirement for allied activities(B) and for farm machinery maintenance(C)	Maximum 25 % of (A)
Sub-limit for consumption need (D)	10% of (A)+(B) subject to a maximum of Rs.15000/-
Sub-limit for non-farm sector (E)	20% of projected turnover not exceeding 25% of (A)+(B)
KCCS limit	(A)+(B)+(C)+(D)+(E)

Rastriya Krishi Bhima Yojana (RKBY):

- Covered by Agriculture Insurance Company.
- Loanees : Compulsory upto loan amount
- Maximum coverage: 150% of threshold yield
- Cutoff for Kharif: November for loanee farmers
- For Rabi : May for loanee farmers.

Modified National Agricultural Insurance Scheme

(Cir 401/2010)

- Unit area for insurance coverage: Village/Village Panchayat level
- Cut-off date for submission of the proposal: Advanced cut off dates restricted to early part of crop lending season.
- Coverage of risks: Cover also includes prevented/failed sowing on account of failure/delayed monsoon.
- Settlement of claims: Appraisal of mid season adversity and payment to the extent of 25% of likely claims is permitted.

- Coverage of Post harvest losses due to cyclone in certain conditions is also available for a maximum period of 14 days from harvest.

Personal Accident Insurance Scheme (PAIS):

- Age upto 70 years.
- Coverage Rs.50,000/- for death/permanent disability and Rs.25,000/- for partial disability.
- Premium Rs.15/- (Bank Rs.10/- + party Rs.5/-)
- Nominee has to give notice of death of borrower to bank within 30 days

Interest Subvention (Both 1.5% & 2%) claim submission date (to Circle Office) : Claim for the period ending Sep 2011 - Branches to COs By - 14.10.2011. Claim for the period ending March 2012 - Branches to COs By - 15.04.2012

Canara Kisan OD Scheme

(Cir no. 181/06, 118/07,189/2010,427/2010)

- Agriculturists with One year satisfactory dealings
- Limit : maximum 4 times gross annual income with minimum Rs.1 lac and maximum Rs.7.50 lacs[Rs.12.50 lacs (cir 189/2010)]. Higher limits/relaxations permitted vide Circular 189/2010 dt 27.5.2010 to be permitted by the Circles only at such of the designated branches where the recovery percentage under the Scheme is above 90%.(Cir 427/2010)
- Ceiling per acre mortgaged: Rs.1 lakh (Rs.1.50 lakh per acre) subject to 50% of value of mortgaged landed property. Higher limits/relaxations permitted vide Circular 189/2010 dt 27.5.2010 to be permitted by the Circles only at such of the designated branches where the recovery percentage under the Scheme is above 90%. (Circle Head can fix suitable amount per acre by maintaining 50% margin, basing on land value in that state/district)
- Tenability : 3 years
- Within overall limit, upto Rs.1 lakh can be permitted for repayment of outside debts by farmer
- Interest : 12% (cir 132/2011)
- ROI for all loans > Rs.2 lacs – linked to scoring norms.
- Purpose – NOT for crop production as existing KCCS covers the same
- Tenability : 3 years with annual review
- Eligible for ATM card
- **Interest:** Interest has to be debited half yearly, September/March. **Interest debited is to be recovered within a maximum period of 90 days**
- Agreement-NF 985 (revised)

Kisan Suvidha Scheme

(Cir 217/05)(cir no.264/2007)

- Working Capital(for crop, allied activities) and Term Loan needs
- Assessment of sub limit I is done using the same formula we use for KCCS
- Under Sub limit 2 ie for term loan quantum is 3 years net annual income of the farmer with max. Rs.5 lakhs
- Validity is 5 years

- Working capital drawings to be repaid in 12-18 months and each Term loan in 5 years from the date of disbursement.
- Fresh sanctions to be considered under Kisan Suvidha only instead of KCCS

Farmers Green Card (Discontinued vide cir 369/08)
ALDPN (Discontinued vide cir 369/08)

Produce Loan

- **Maximum Rs.10 lacs per party.**
- Repayment within 12 months from the date of grant.
- Loan proceeds to be adjusted to KCC/instalment of TL.
- Rs.10 lacs is the restriction for Produce Loan to Corporates also (cir 44/08)

Scheme For Providing Finance To Tenant Farmers & Oral Lessees For Raising Crops Through Joint Liability Groups (JLG) (Circular no. 210/2007)

- Group Size upto 20 members. Preferable : 4 to 10 members
- Finance Rs.50,000/- per member, with maximum Rs.5 lakhs per group
- Rate of interest : 11.00% (upto Rs.3 lakhs per member) - Interest subvention 1.5% for crop production and 2% for prompt repayment within 1 year
- Repayment : 12 to 18 months basing crop duration
- Post sanction inspection : Atleast 25% of members in a group
- Documentation: Just like SHG, ie NF 950, 951, 952
- Clean Advance. Delegation of sanctioning powers on par with SHG.
- RKBY insurance coverage to be done
- Classified under Direct Agriculture
- Branches to identify hitherto uncovered tenant farmers and meet their credit requirements as the Bank's mandate is to ensure that at least 2.50% of credit to new farmers flows to these sections.

Krishi Mitra Credit Card Scheme (KMCCS)

Cir no.140/07, 256/07 and 146/2008

- Tenant farmers, oral lesses, share croppers and farmers who have lands, but do not have land records
- Minimum 50% of loan for Crop Cultivation
- Loan amount Rs.50,000/- Total limit should not exceed 50% of the value of the produce.
- Application NF987, Agreement NF 963
- Interest @ 11.00%. Interest subvention 1.5% and 2% for prompt repayment with in one year
- Interest debited half yearly (Mar & Jun) due in 90 days for running a/c and due along next installment if loan is sanctioned as Term Loan.
- In case of single transaction limit, repayment in 5 years monthly/ quarterly/ half yearly / yearly installments
- Running limit or single transaction limit- OD Tenability 3 years

- No processing charges and No inspection charges
- RKBY applicable
- Target : 2.5% of fresh disbursements to KMCCS.
- To be reported in quarterly return PSR 80 quarterly return on special schemes
- For farmers who have availed finance under General Credit Card, finance can be granted only for cultivation expenses.
- Finance to be extended to only one person of a family
- Identification of tenancy/extent of cultivation only by way of an affidavit (Self Declaration) by the applicant (cir 146/08)
- Farmers who own lands with proper records, taking up additional area under tenancy are not eligible under the scheme.

Self Help Groups

- SHG is a small group consists of 10-20 members
- Group should be in active existence for atleast 6 months
- Group should have successfully undertaken savings and credit operations from its own resources.
- Group should work democratically
- Group to maintain proper records and accounts
- Group members should have homogenous background and common interest
- The NGOs / VAs should train SHG members to attain skill up gradation and proper functioning.
- The bank finance to SHG is based on Savings i.e., 1:1 or 1:2 or 1:4 based on needs and requirements.
- An appropriate repayment period may be fixed after discussing with the group
- The SHGs will not be in a position to offer any collateral security. Where assets are created out of SHG finance, the same can be taken as prime security
- Documentation: NF950, 951, 952, 953
- Delegation of powers to branches: Rs.1 lakh-Small, Rs.2 lakhs – Medium, Rs.3 lakhs – large branch. Under SGSY: Rs.5 lakhs, Rs.5 lakhs, Rs.10 lakhs (S,M,L)

Lending To Micro Credit Groups (MCG)

(Cir178/2009)

- Persons belonging to economically disadvantaged sections of the society
- The loans can be sanctioned for smaller groups with 3-5 members in Urban areas and 5-10 members in Rural and Semi urban areas
- For any type of income generating activity including Agriculture and Allied Activity
- Limit permitted per member is Rs.50000/- and a maximum of Rs.500000/- per group
- **Debt swapping facility** to group members is also permitted up to a maximum of Rs.25000/- within the overall limit of Rs.50000/- per member
- For availing the Debt swap loan facility, the loan taken from the money lender should be at least one year old and the members have to submit an under taking that he/she will not avail the loan from the money lender again
- No Margin. Rate of Interest on par with SHG. Clean Loans.
- The interest application can be monthly/half yearly basing on the income generation by the activity.

- Repayment in monthly/quarterly/half yearly installments, with repayment holiday of three months in the beginning. Max.48 months. Can be extended to 60 months.
- The loans sanctioned to the groups directly for agricultural allied activities can be classified as **direct agriculture advance** and others can be treated as finance to Micro Credit Group.
- The individual members can also open NO FRILL account in the individual name and a RD account with appropriate monthly contribution of say Rs.50/- per month for three years to be encouraged, which is voluntary.
- The loans granted through NGOs/MFIs/MFI-NBFCs are to be classified as indirect finance to agriculture if the purpose of the loan is for allied activities.

Fisheries loans:

- Repayment: Marine Fisheries – 8 to 12 years. Deep Sea Fishing vessels: 8 years.
- **Waiver of Insurance for fish crops and bund structure for Inland fisheries projects- In respect of Working capital limits (cir 177/2009) :** Can be waived by sanctioning authority provided security provided by way of immovable properties equal to 100% of loan, obtention of corpus fund as collateral @3% of the limit, party's experience more than 3 years and party's satisfactory dealings for 3 years.
- **Culturing of shrimps:** Loan is to be repaid in one year with 2 or 3 equal installments and first of such installment shall fall due after 4 months from the date of stocking.
- **Culturing of fish:** Loan is to be repaid within one year in one lump sum or after harvest of fish whichever is earlier.
- **Loans granted for repairing / desilting of tanks** is to be repaid in 5-8 years in case of pond fish culture and 5-10 years for brackish water fish / prawn culture in h/y installments with an initial repayment holiday of 11 months. The due dates to coincide with harvest of shrimps / fish.
- **Marine Fisheries Working Capital:** Can be considered for 2 voyages.

Gold Loans For Agriculture

(cir no.239/06, 331/08 & 39/2009, 91/09 317/09, 445/2009, 256/2010, 107/2011)

- Rs.1400/- per gram or 80% of appraised value whichever is less is quantum of loan (cir 107/2011) valid till further circular.
- Loan: Minimum Rs.500/- and in multiples of Rs.100/- with max. Rs.3 lacs (cir 331/2008 dated 01-12-2008)
- If granted over Rs.2 lakhs, Re appraisal to be done in 2 days by another jewel appraiser.
- Repayment within 12 months. Branch in charge can extend another 6 months
- Loan upto Rs.10,000/- SB not required. 10,000-20,000:CANSARAL and above Rs.20,000/- normal SB required
- Appraisal charges: Rs.0-50 per Rs.100/- loan, with max.Rs.200/- per loan(cir 91/09) w e f 01-04-2009. TDS has to be effected u/s 194H of the Income Tax Act 1961 from the commission paid to the jewel appraiser (cir 106/09)

- Reappraisal: In 12 months – 10% of regular a/cs + all overdue loans and in case of 18 months inspection, it is 15% of regular + all overdue loans
- Reappraisal charges Rs.0-30 per Rs.100/- with min.Rs.1/- and max. Rs.100/- per loan wef 01-04-2009 (cir 91/09).
- One more reappraisal may be arranged by CO in 2/3 branches per month by sending another appraiser (other than branch appraiser & who appraised gold loans during inspection). Randomly 10% of GLs/about 50 randomly chosen packets are to be reappraised. (This is applicable in southern states only at present, upto 31-08-2010)
- Security deposit from jewel appraiser enhanced from Rs.5000/- to 10,000/- and 2 references are to be taken for enrolling jewel appraiser to engage his services.
- Reappraisal charges: overdue loans – party and Regular loans – Bank
- In place of AOD, letter of revival (without stamp) will be obtained
- Waiver of 50% processing charges till 31-03-2012.(cir 107/2011)
- ROI for GLs: Cir 132/2011. At present: 11%
- GL can be granted to weaker section persons for consumption upto Rs.2000/- which comes under Priority Sector.
- GL OD : Tenability 2 years.
- Obtention land record is compulsory wherever aggregate loan liability is more than Rs.50000/- & wherein the borrowers do not have any other agricultural loans/ have not provided land records to the branch.(Cir 82/2011)
- Loans sanctioned to NBFCs for on-lending to individuals or other entities against gold jewellery, are not eligible for classification under agriculture sector.
- Investments made by Banks in securitized assets originated by NBFCs, where the underlying assets are loans against gold jewellery are not eligible for classification under agriculture sector.

Gold Loan To Staff:

- * Max.Rs.5000/-
- * repayable in 24 monthly instalments.
- * Non Priority Sector advance.

Gold loans to employees to meet escalation in the cost of construction of house:

- * Quantum: 10 months gross salary with maximum Rs.15,000/-
- * Sanctioning Authority: DGM of the Circle in whose jurisdiction the property is situated
- * Repayment: 60 EMIs

Kisan Tatkal

(Cir no.344/06)

- Only for KCC holders to meet post harvest expenses
- Only in selected states :Kerala,TN,AP,Karnataka, Maharastra, Punjab, UP, Haryana
- Min. Rs.1000/- Maximum Rs.50,000/- (max.50% of KCC limit /25% of the estimated annual income of the agriculturist)

- Repayment 3-5 years Hly/Yly instalments
- Rate of Interest : Cir 132/2011 at present : 12.75%

Farm Development Loans

- Mortgage is Waived upto Rs.50000/- (overall limit of Rs.65,000/- per borrower)
- Repayment: 9 to 15 years. For Lift Irrigation it is 15 years with grace period of 35 months.
- **Disbursement:** Depending upon the progress of work.
- **Reimbursement:** Upto Rs.100 lacs. Expenses incurred within 6 months are eligible. Up to Rs.5 lakhs, sanctioning authority can permit. Beyond 5 lakhs, next higher authority.
- **Obtention of Bills:** Upto Rs.2 lacs bills can be waived after taking declaration + Post sanction inspection within 15 days. Beyond 2 lacs - Bills / vouchers must be obtained.

Commercial Horticulture

(Cir 20/07, 352/2010)

- Scheme of National Horticulture Board (NHB)
- NHB shall deal with projects of area expansion for open field crops only when project area is over 4 hectare and in case of protected cultivation area of project is over 1000 Square meter.
- NHB field officers can sanction LOI and release subsidy for project costing upto Rs.20 lacs.
- Back-ended capital investment subsidy @ not exceeding 20% of the total project cost.
- A maximum limit of Rs. 25 lakh per project (North-Eastern/Tribal/Hilly Areas, Maximum limit of subsidy would be Rs 30.00 lakh per project)
- The lock in period for adjustment of subsidy is a minimum of 36 months
- Maximum subsidy limit per beneficiary, including expansion activity, would not exceed Rs. 25 lacs.

Farm House Loans

(36/2004, 245/07 & 93/2009)

- Rate of Interest : Upto Rs.10 lakhs, Housing Loan rate of interest and above Rs.10 lakhs, Agriculture Term Loan rate of interest.
- Farm House Loans are defined as loans for construction of structures that apart from being dwelling houses for farmers shall necessarily include storage room / godowns / sheds for livestock and farm machinery and other infrastructure that shall be located on or adjacent to the Farm.(cir 93/09)
- Loans granted to farmers for construction of farm buildings/structures like implement sheds, tractor and truck sheds, farm stores, etc., loans granted for construction of own storage facilities like godowns, silos etc for storing own produce should be classified under **farm development loans.** (93/09)
- Loans to farmers for construction of farm houses exclusively used for residential purposes should not be classified under agriculture.(93/09)
- Maximum: Rs.10 lakhs.

- **Margin:** Upto Rs.25,000/- = Nil /// Above Rs.25,000/- = 15-25%
- **Security:** Upto Rs.15,000/- No security (Demand Promissory Note only)
- Above Rs.1,00,000/- Mortgage of landed property
- **Repayment:** 7 to 15 years by Annual /Half Yearly instalment.

Plantation/Horticulture Loans

Repayment: 10 to 15 years including repayment holiday. Yearly Instalments.

Repayment Period of Various Plantation/Horticulture Loans

Gestation and repayment period of major Plantation and Horticultural crops		
Crop	Gestation Period (years)	Total Repayment period* (years)
Tea	2 – 4	12 – 15
Coffee	3 – 4	10
Rubber	7	12 – 14
Pepper	7	10 – 13
Cashewnut	6 – 7	10 – 12
Areca nut	7 – 8	13 – 15
Coconut	8 – 9	14 – 15
Mango	6 – 7	13
Apple	7	12 – 15
Grapes	3	10
* Inclusive of gestation / moratorium period		

Tractor Loans & Farm Machinery Loans

(Latest Circular 363/08)

- **Eligibility:** 6 acres irrigated/12 acres dry land
- Tractor usage for 1000-1200 hours. Minimum 500 hours in farmers own land
- Scoring matrix introduced for assessing the eligibility for tractor loans
- Retention of 5% of the value of the tractor payable to the dealers till the RC Book is received.
- In case of Joint Borrowers, borrowers should be from same family only. If borrowers from different family, permission from Circles DGM is to be obtained.
- Sanction of Combine Harvestors proposals by AGM and above of RO/CO.
- In case of joint accounts, borrowers are to be from the same family.
- The proposals to be from the service /command area i.e. within a radius of 16 km from branch.
- Prior clearance from CO is required for every block of 5 farm machinery loans proposed over and above 50 Farm Machinery loans or where recovery is less than 85% under the Farm Machinery portfolio.

- Repayment period: 5 to 9 years in half yearly/yearly installments.
- For power tillers, eligibility 3 acres wet or 6 acres dry and usage is 600 hours in own lands or hiring basis.
- Margin: Upto Rs. Rs.1,00,000/- : NIL. Above Rs.1,00,000: 15-25% for all Farm Machinery Loans.(wherever subsidy is available, subsidy and borrowers contribution to meet margin norms)
- Security: Upto Rs.1,00,000/- : Hypothecation of Machinery. Above Rs.1,00,000: Mortgage of property with value equal to loan amount or other approved securities with required margin.
- Circle DGM can permit the loan if the value of landed property not covers the loan amount fully and if the deficit is covered by net worth of borrower + guarantor and if the party secures more than 40 marks in scoring matrix.
- If the party secures more than 70 marks in scoring matrix, DGM can permit without mortgage, provided net worth of borrower and guarantor covers full liability amount.
- If the tractor is financed by other bank and the loan is outstanding, we can not finance for trailer. If tractor loan is closed with other bank and other bank's lien on RC is cancelled, we can finance exclusively for trailer by marking our lien in RC.
- Trailers shall not be financed where the economic life span of the tractor is less than 3 years.
- The proposals should be within the service/command area i.e.16 km from the branch to have effective follow up, beyond 16 kms, branches have to obtain prior permission from the circle DGM.
- Pre sanction visit by AEO or Manager is must. During pre sanction visit, the economic viability to be ascertained.
- Verification of Land records/Creation of Mortgage: Personally visiting the farm/site, verification of locality by the branch official however personal visit by the panel advocate is not compulsory as per HO Cir-383/2010.
- Independent market enquiry to verify the veracity of valuation
- Taking up the matter with the Govt offices such as that of Registrar of Land records in case of doubt
- Recording of Pre sanction Visit: The date of pre sanction visit is to be invariably recorded in the Credit Reports
- **DISBURSEMENT:** The loan amount should be disbursed by way of DD directly to the dealer / supplier along with margin money collected from the borrower against stamped receipt. The payment of the loan proceeds to the tractor dealers should be made only after the Farm Machinery and all other accessories as per proforma invoice are supplied and our lien painted on Farm Machinery and trailer. This has to be confirmed by inspection of the asset. Payment to the dealer shall be released only after ensuring that the assets have been delivered

Guidelines to be followed at the time of disbursement (applicable to Tractor loans/Power tiller loans & combined harvestors)

- The quotations should clearly indicate the price of tractor / trailer / accessories separately. It should be ensured that the margin norms are not circumvented by inflated quotes on the cost of tractors / accessories.
- As soon as a tractor loan is sanctioned, a letter of confirmation is to be issued to the dealers, indicating that the payment will be made once the tractor and trailer (applicable) along with all accessories are supplied as per proforma invoice.

- The following details are to be invariably incorporated on the reverse of the Demand Drafts issued for disbursement of tractor loans to avoid misuse of the DD:
- “ This DD is issued for supply of tractor and accessories as per Performa Invoice No..... dated to Sri..... S/o.(address)”.
- Branches should ensure that our lien is noted in the RC Book within 3 months of disbursement of the loan and RC book copy should be obtained.
- Branches to retain 5% of the value of the Tractor/ Power Tiller (wherever registration with RTO authorities is required payable to the dealers till the RC Book is received duly noting our lien.
- Branch to disburse only 95% of the value of the tractor at the time of disbursement. The full margin to be collected from the borrower. The full margin and loan amount shall form 95% of the value of the project.
- Balance 5% of the tractor value i.e undisbursed portion in the loan account shall be disbursed in the form of DD, directly to the dealer on receipt of the RC book duly ensuring the bank’s lien.
- Post sanction visit is undertaken within 15-30 days of disbursement to ascertain end use.
- The RC has to be verified for the first time soon after registration in the name of the borrower with Hire Purchase endorsement in favour of the Bank.
- Thereafter RC has to be verified once in a year preferably during the month of April to confirm that the taxes have been paid upto date. In case of defaulted accounts, the verification of RC has to be done as frequently as possible.
- The dates of verification of RC has to be noted in the loan register along with observations, if any.
- The sanctioning authority may waive the obtention of duplicate key.
- A cap of 25 farm machinery loans per branch /year is fixed for branches where the outstanding Farm Machinery portfolio is less than 50. After reaching the cap of 50 farm machinery loans, the branches to seek prior clearance from CO.
- The branches with outstanding farm machinery portfolio of more than 50 loans or recovery is less than 85% under the relative portfolio, have to obtain prior clearance from CO for every block of 5 farm machinery loans proposed.

Financing Second Hand Tractors

- Tractor should not be more than 3 years old
- Loan shall not be more than 60% of the value of the tractor as per valuation report or sale consideration whichever is less.
- **Repayment:** Maximum 5 years in half yearly / yearly installments depending upon income generation. However, repayment should be fixed within the economic life of the tractor

Scoring Matrix for Tractor / FM loans:

- Total Marks: 100
- Marks Secured: 70 and above : Low Risk and Highly secure.
- Marks between 40 and 69 : Medium Risk and Highly secure.
- Marks: 39 and below : Rejection of Proposal.

Central Sector Scheme for Boosting Seed Production

(cir no. 218/07, 344/05, 304/07)

- Subsidy enhance from 10 lacs to Rs.25 lacs
- National Seeds Corporation – NSC is the nodal agency for implementation.

Pumpset / Minor Irrigation loans:

- Minimum land : 2 acres, owner cultivators. Can be considered for less than 2 acres also.
- Repayment: With in 9 years in Half Yearly/Yearly instalments
- DRIP/SPRINKLER IRRIGATION LOANS:
- Repayment : 10 to 15 years in Hly/Yly instalments.
- **Disbursement:** For electrical pump sets, 75% of the cost of pump sets + accessories including the margin should be disbursed directly to the dealer. The balance 25% is to be paid only after the installation of the complete pumping system and obtaining the certificate from the dealer. For oil engines full payments to the dealer towards pump sets and accessories should be made only after ensuring that the same have been supplied to the borrower and obtaining the certificate as stated above from the dealer.
- Pump set finance should confirm to the norm of **Complete Pumping System (CPS)**. The submersible pump sets to be financed should be approved by BIS
- **Indicative Spacing Norms:** The minimum spacing to be maintained between dug wells / bore wells, minor irrigation works shall be as indicated below:
 - ▶ Dug wells with or without pumpset 150 m
 - ▶ Bore wells with pumpsets 250 m
 - ▶ Between Dug wells & Bore wells 215 m

ALLHV

(Cir 154/04 & 93/2009)

- Heavy Vehicles: Agriculturists with minimum 15 acres of Perennially Irrigated lands.. Margin 10% (except for MCVS/HCVS)
- Mortgage is must for Medium Commercial Vehicles & Heavy Commercial Vehicles and Margin is 25%.
- Repayment: 5-7 years for MCVs and LCVs -- Monthly / Quarterly installments
- The vehicles financed under the ALLHV Scheme should essentially serve the purpose of transportation of agricultural inputs and outputs.
- Only loans given for the following purposes can be covered under ALLHV viz. Purchase of Trucks/Lorries, Mini trucks, Jeeps, Pick up vans and other transport vehicles / equipments used for transport of agricultural inputs and farm products but not cars.(Cir 93/09)

Second Hand Vehicle – ALLHV

- The vehicle to be purchased should not be more than 5 years old and should be free from encumbrance.
- Valuation report of the vehicle should be obtained from an approved valuer
- The quantum of loan should not be more than 75% of the value of the vehicle as per valuation report or purchase consideration whichever is less.
- The loan is to be repaid within 3 years.

Poultry & Duck Rearing

- Repayment for Broiler Chicks : 90 to 105 days and for Layers in 18 months in monthly installments with 6 months repayment holiday.
- Composit loans for Poultry shed , equipment etc. repayment in 7 to 9 years with repayment holiday of 12 to 18 months.
- Duck Rearing loans to be repaid with in 4 to 5 years in quarterly/half yearly instalments.
- Insurance Waiver- Availability of security by way of **immovable Property/ies** by way of mortgage to a **minimum extent of 150%** of the loan/exposure as **Prime and collateral securities**. Scoring more than 75 as per the scoring matrix.(LDGM 15/2010)

Dairy loans:

- Normal Economic Life of Buffalo is 5 to 7 lactations and Cow is 10 lactations.
- Finance upto age of their 3rd lactation.
- Repayment: 5 to 6 years Monthly/Quarterly instalments.
- High Yielding Milch Cattle: Not less than 5 litres milk yield per day

Sheep/goat rearing loan:

Repayment:

- For sheep – within 5 years. Gestation period – 12 months. H/y & Y installments only.
- For Goat – within 4-5 years. Gestation period – 12 m. Q & H/Y installments only

Tree Borne Oil Seeds

(Cir 327/04)

- Purpose: For Cultivation of Tree Borne Oil Seeds like JETROPA, NEEM etc.
- Eligibility: Applicant should be owner/lessee cultivator
- Quantum: Need based
- Repayment: 7 to 10 years in yearly installments with gestation period of 6 years

Tie Up With Sugar Mills

326/2004, 255/2010.

- Permission for tie up powers to CO

- Security: Loans upto Rs.1.50 lakh extended without mortgage under KCCS/ Investment Loan, Development Loan (Cir 255/2010)
- Photo obtention is waived
- Presanction visit : 10% of the cases to be conducted.
- Obtention of Land records – Cane manager of Sugar Mill shall furnish and certify the details of entire land holdings.

Loans for Purchase Of Agricultural Lands

(Cir no.231/01)

- Small & Marginal Farmers, Tenant farmers & Share Croppers eligible
- Total Land Holdings after Purchase of Land, should not exceed 2.5 acres irrigated or 5 acres of non-irrigated land.
- Margin : Minimum 20% on project cost
- Quantum : Basing on value of land, stamp duty, registration etc.
- Repayment: 7-10 years with repayment holiday of 24 months.
- DSCR minimum 1.50

Debt swapping scheme for Farmers

(cir no.147/08) old cir 335/05)

- Scheme of Debt swapping for farmers from non-institutional sources
- Eligible Limit: 150% of the Gross annual income subject to a maximum Limit of Rs. 50,000/-.
- Farm should be situated within 16 Kms radius of the Branch.
- Repayable over a period of 5 years
- Classified under Direct Agriculture

Agriculture Loans To Employees Of The Bank

(HO CIR 12/01)

- Eligibility – confirmed in services, landed property should have been inherited, land allotted prior to joining the bank and cultivation should be carried on either by hired labour or by employees family.
- Purpose – Development, cultivation of crops – Purchase of tractors, tillers etc.
- Not given for allied activities like Dairy, Poultry etc.
- Loans to be sanctioned by Divisional Manager of Circle Office

RURAL DEVELOPMENT ACTIVITIES

Farmers club: (cir 156/04, 179/05, 54/08 & 89/09)

- VVV club rechristened as Farmers Club – cir 179/05

- Size : Minimum 10 members. No restriction on upper limit.
- Membership: All villagers except defaulters.
- Leader : Democratic election, valid for 2 years.
- NABARD will provide Rs.10,000/- per club for 3 years. Subsequently, our Bank will provide Rs.2000/- per year for 2 years. After 5 years, farmers club to become self sustain.
- DM/AGM RO/CO authorized to sanction the expenditure

Grama Vikasa Yojana (GVY)

- GVY aims at focusing special attention on one village once in two years consisting of about 100 families to build up local leadership and ensure local participation in developmental process through a people's organization
- Period of implementation in the identified village is 2 years.

Hari Kalyan Yojana

- Developing about 100 Harijan colonies in our lead Districts and now extended to our all rural and semi urban branches.
- The selection of colony will be done by branch manager in consultation with the CO. The colony shall have around 50 SC/ST families
- Maximum amount of Rs. 15,000/- (higher amount can also be permitted upto 25000) is to be provided to each centre for taking up education / health/ sanitation / establishing Hari Kalyana Kendra / Development Centre / tree planting / sinking bore well / any other development activities.

Centre for entrepreneurship development for women:

- * Identify, select, guide and assist the potential women entrepreneurs to start/establish/ run the enterprise successfully
- * To create entrepreneurial climate, conduct of awareness generation programme, workshop etc.
- * At present, CED for Women is functioning in 7 centres.(Circles)

Rural Clinic Service

- * To provide medical aid to villages and to encourage unemployed doctors to set up clinics at rural places so as to promote self-employment.
- * **Full Time Clinic:** Doctor should practice in a service area village, not less than 6 hours per day for a period of one year
- * The Doctor will be given incentive of Rs.3000/- P.M. for 12 months and a grant of Rs.1500/- p.m. for 12 months to dispense medicines free of cost to poor patients.
- * **Part - Time Clinic :** The doctor should practice at least 2 hours per day for a minimum period of one year.

- * The village selected should be beyond 5 Kms but within 10 Kms from the centre where the doctor is presently practicing
- * The Doctor will be given incentive of Rs.1250/- p.m. for 12 months and a grant of Rs.750/- p.m. for 12 months to dispense medicines free of cost to poor patients.

Rural Service Volunteer Scheme

- RSV should work in the adopted villages for a minimum period of two years.
- RSV must stay in one of the adopted village and work for the over all development of the villages.
- RSV's will be given a sum of Rs.500/- p.m. for setting up the office in one of the adopted villages for maintenance of the office and Rs.2000/- p.a. for conducting extension activities.

INDIRECT AGRICULTURE:

General Credit Card

(Cir 120/06, 224/06, 134/2008, 110/2009)

- Any General Purpose (No purpose, no security, no end use)
- Only Rural / Semi Urban house holds eligible. Urban/Metro NOT eligible.
- Application NF 965 (Retail Lending Application), NF 372 and Pronote NF 480
- Loan quantum: 50% of net annual income of entire household with maximum Rs.25,000/
- Collection of processing charges is waived. (Ci.110/2009)
- Since it is an important financial inclusion tool, it has been decided to exempt these loans from levying Folio charges, Notice Charges, and Inspection charges.(Cir.110/2009)
- Limit in nature of Over draft, Tenability : 3 years
- Interest- debited half-yearly ie March & Sept. should be paid with in 6 months
- Rate of Interest: 13.50% Refer Cir.132/2011
- Classification: 100% under Indirect Agriculture (Cir 134/2008).
- Bicycles can be purchased under this scheme (cir 224/06) Our bank has MOU with HERO cycles

- NPA classification: Interest debited is due in 6 months. If not paid, after 90 days, account becomes NPA.
- Loans to be sanctioned in the name of the individuals only.
- Sanctioning Authority - Branch.
- Loan to be extended to only one person from a household.
- In case the family is having immovable property loan can be sanctioned in the name of the person in whose name the property stands.
- In case the property is held jointly, the loan can be extended to any one them.
- Our existing borrowers irrespective of their limits / liabilities are also eligible provided accounts are regular and do not have any clean advances which is outstanding.

Capital Investment Subsidy – (CIS) Scheme

Grameena Bhandara Yojana (Cir 260/2010)

- All Rural Godowns(RGs) to be constructed in future, should be confirming to the technical specifications relating to the implementation of the **Negotiable Warehouse Receipt System (NWRS)**
- Rural Godown projects **promoted by farmers** (other than women farmers) are eligible for **subsidy @ 25% of the capital cost** of the godown subject to a maximum of **Rs 46.87 lacs** under the captioned scheme.
- **Non farmers** on the other hand, are eligible for subsidy @ **15% of the capital cost** subject to maximum of **Rs 28.12 lacs** .
- Subsidy @ 33.33% will be available for **women farmers*** with a maximum subsidy of **Rs 62.50 lacs**, accordingly the **margin applicable** will be **20%** in this case. {*In respect of partnership/co-ownership, the share of women should be 50% or more}.
- A farmer for this purpose was defined as a person whose main source of income is from agriculture.
- Normally Subsidy claim not applicable for RG exceeding 10000 MT capacity
- The **RGs of 1000 tones capacity and more shall be eligible** for assistance under the scheme, only on giving an undertaking along with the application that they should be implementing the **NWRS**.

Financing To Commission Agents against Book Debts

- Maximum quantum : Rs.10 lacs
- Parties with 3 years OCC facility & good record are eligible
- Book Debts: not to exceed 6 months
- Margin: 30-40%
- Security – Uto Rs.5 lacs - Hypt of books debts and collateral security of land and building . Above Rs.5 lacs – hypt of book debts, collateral security of land and building whose value shall atleast 150 % of limit. Granted to commission agents in rural and semi urban areas. Not more than 10-15% of the book debts assigned should be concentrated on one customer.

Estate Purchase Loans (Non Priority)

- Margin: 50% (can be relaxed to 25%)
- Repayment: Up to 15 years

- Branches do not have power to sanction the loan. Sanction by CO Head & above authorities
- Value of security should not be less than 200% of the loan

Agriclinics & Agribusiness Centres (ACABC)

(cir 71/07,225/09,386/09,90/2011)

- Agriclinics: To provide expert services and advise to farmers Agri Business: to provide input supply, farm equipment on hire
- Loan to Graduates in Agriculture/ Horticulture/ Animal Husbandry /Forestry/ Dairy/ Veterinary/ Poultry/ Pisciculture and other related diploma, PG diploma, graduate in biological science, agriculture in 10+2 with 55% marks.
- Subsidy admissible for Agriculture graduates trained after 01-4-04
- Training & Facilitation by: MANAGE (National Institute of Agriculture Extension Management)
- Ceiling on Project : Rs.20 lacs per graduate with max.Rs.100 lakhs per group of 5 eligible candidates (of whom one can be Accounting/Management graduate)
- At least 10% value of the Total Financial Outlay (TFO) of the project to be in capital form.
- Margin upto Rs.5 lacs: Nil and above 5 lacs – 15 to 25%
- Security: Upto Rs.50,000/- only Hypothecation of Assets, Rs.1,00,000/- to Rs.5 lakhs – Hypothecation + III party guarantee and over Rs.5 lakhs – EMT
- Credit Linked Subsidy: 36% of capital cost for Others, 44% for SC,ST,Women
- Subsidy : Back End and 3 years lock in period
- Benefit of Subsidy extended **maximum twice to a candidate under the scheme.**
- Repayment : 5 to 10 years with 2 years grace period.
- Classified under Indirect Finance to Agriculture (cir 150/07)
- Now ACABS is included in Service Sector also under MSME. Hence, loans given to ACABC are eligible for coverage under CGMSE.

SFAC

- * **Scheme For Agri Business Development Through Venture Capital Assistance By Small Farmer Agri Business Consortium (Cir no.326/05, 303/07)**
- SFAC has come out with a scheme of "Venture Capital Assistance and Project Development Facility" in order to assist producer groups / entrepreneurs in setting up economically viable Agri-Businesses.
- The scheme will be implemented in close partnership with Commercial Banks.
- Providing Venture Capital assistance to the qualifying projects on the recommendation of the financing Bank which will be lowest of the following :
- 10 % of the total project cost assessed by the Bank
- 26 % of the project equity
- Rs.75.00 Lacs.
- The qualifying projects should be in agriculture or allied sector namely horticulture, floriculture, medicinal and aromatic plants, minor forest produce, sericulture, organic farming, vermi compost, apiculture, plantation crops, and fisheries. **However, poultry and dairy projects will not be covered under the scheme.**

**National Fisheries Development Board (NFDB) - Subsidy
Schemes For Fisheries Development
(Cir 249/2010)**

- 100% NABARD's Refinance eligible to Banks
- Subsidy: 20% to 50% Back Ended subsidy by NFDB
- Mariculture : specialized branch of aquaculture involving the cultivation of marine organisms for food and other products in the open ocean, an enclosed section of the ocean, or in tanks, ponds or raceways which are filled with seawater.

Food & Agro Processing Units

- Loans to food and agro-based processing units with investments in plant and machinery up to Rs. 10 Crores, undertaken by those other than individuals SHGs and co-operatives in rural areas, irrespective of the locations is to be classified as indirect finance to agriculture
- Even if the unit is registered as SSI Unit / micro or small enterprise, it can be classified as indirect finance to agriculture.
- Parameters: DE Ratio: 3:1 to 5.66:1 (5.66 is for units upto Rs.10 lakhs) Promoters contribution: 15%, FACR: Not less than 1.2, DSCR : Not less than 1.5

GOVERNMENT SPONSORED SCHEMES

Prime Minister's Employment Generation Programme (PMEGP)
(Cir no.294/2008 dated 28-10-2008, 132/09)

- PMRY and KVIC-MMS-REGP merged in to this new scheme
- Scheme operational in Rural and Urban Areas
- Maximum Project cost Rs.25 lakhs for manufacturing sector and Rs.10 lakhs for service activities.
- Project cost included capital expenditure and one working capital cycle.
- Without Capital Expenditure, Loan not eligible.
- Finance under PMEGP is Only for new projects.
- Individuals, SHGs, societies, Trusts are eligible. Only one person from family eligible.(Family includes, self and spouse)
- Loan sanction: Upto 90% of project cost including subsidy (95% in case of special category borrowers)
- Only one person from family is eligible for obtaining financial assistance under this scheme. **NO Income Criteria.**

- Administered by Ministry of Micro, Small and Medium Enterprises (MoMSME). Implemented by KVIC at National level, and KVIB at State level
- Eligibility: 18 years of age.
- For setting project above Rs.10 lakhs in manufacturing sector and above Rs.5 lakhs in business/service sector, beneficiary should pass at least 8th standard.
- Identification by task force consisting of KVIC/KVIB representative, DIC and bank representatives.
- Persons who have undergone at least 2 weeks Entrepreneurship Development training can submit applications directly to Banks
- EDP training of 2 to 3 weeks compulsory before disbursement of loan. Exempted for those who undergone training earlier.
- Margin: General Category minimum 10% of project cost and Special category beneficiary: 5% of project cost
- Subsidy: General Category: Urban 15%, Rural 25%. Special category beneficiary ie SC/ST/OBC/Minorities/Women, Ex SM, OPH, NER, Hill & Border areas) Urban:25%, Rural 35% of project cost
- Rural area means population less than 20,000.
- Repayment : 3 to 7 years, with repayment holiday upto 6 months.
- Targets: **50% should be Rural Area Projects**
- Subsidy to be kept as interest free FD, to be credited to loan account at the end of third year from the date of first disbursement. If loan becomes NPA, we can credit the FD to loan account even before completion of 3 years.
- No collateral security upto Rs.5 lakhs.(However it has been increased to Rs.10 lakh for all MSE loans by RBI)
- Village Industry: Fixed Capital Investment per Artisan/worker not to exceed Rs.1 lakh in plain areas and Rs.1.5 lakhs in Hill Areas.
- **Negative List of activities (Not to be financed under PMEGP) :** Business activities like opening of grocery and stationery shops etc involving no manufacturing process and value addition. , Farm related activities like Goatery, Piggery, Poultry etc. , All Urban / Rural transport activities except: (a) Auto Rickshaw, Tourist boat and house boat in A & N Islands. (b) The House boat, Shikara and tourist boat in J & K. (c) Cycle rickshaw.

Differential Rate Of Interest

(Cir no.175/2007)

- Maximum quantum Rs.15,000/- (For physically handicapped additional loan of Rs.5000/- for artificial limbs/Braille typewriter)
- Housing Loans under DIR Rs.20,000/- for SC/STs and Rs.15,000/- for others (cir no.100/08)
- For EL, as per EL guidelines
- Eligibility: Annual family income Rs.18,000/-- in Rural and Rs.24,000/- in Urban and Semi-Urban areas (cir no.100/08)
- Individual whose land holding does not exceed 1 acre of irrigated and 2.5 acres of un-irrigated land. No Ceiling for SC/ST engaged in Agriculture and Allied activities.
- Target: 1% of previous years Gross Credit (cir 193/07 box item)
- 2/3rd of DIR loans in Rural & Semi Urban
- Minimum 40% to SC/ST beneficiaries

Finance under DRI scheme for Solar Home Lighting System

(Cir 277/2010)

- To be classified under Priority sector advances.
- To Purchase / installation of brand new Solar Home Lighting System.
- **Eligibility Family Income:** Annual Family income of the borrower from all sources should not exceed Rs. 18000/- in rural areas and Rs. 24000/- in Semi urban / Urban areas.
- **Eligibility Land holding SC/ST Borrowers:** There is no ceiling on land holding but the borrowers should satisfy the income criteria.
- **Eligibility Land holding: other than SC/ST Borrowers:** The borrower need not own any land or the size of the land holding should not exceed one acre in case of irrigated land and 2.5 acres in the case of unirrigated land.
- **Quantum of Loan:** The loan up to a maximum of Rs. 15000/- per unit.
- Disbursement to be made directly to suppliers against authorization from the borrower.
- Post installation inspection to be conducted and report to be held on record.
- No Margin to be insisted.
- The assets purchased out of the bank loan are to be hypothecated to the Bank.
- No co-obligation to be insisted.
- Simple interest at 4 % p.a.
- The loan is to be recovered within 60 months with a minimum repayment period of 36 months.
- Documents as applicable to DRI Scheme.
- **Sanctioning Authority:** Branch Manager.
- **Supplier:** As per MNRE approved list at www.mnes.nic.in .
- For accounts covered under DRI Scheme, reporting under appropriate head in PSR 1 Flash return and in the Annual Statement (STR 13) to be ensured.

Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS)

(Cir no.116/07)

- New Govt. Sponsored Scheme replacing the National SLRS Scheme.
- As per RBI directives, this scheme implementation to be completed by March 2010
- To scavengers or their dependants
- Loan for project cost upto Rs.5 lakhs
- Micro financing upto Rs.25,000/- project cost
- Subsidy: Project cost upto Rs.25,000/- : 50% of project cost
- Subsidy for Project cost above Rs.25,000/- upto Rs.5 lakhs: 25% of project cost with minimum Rs.12,500/- and maximum Rs.20,000/-
- Interest Subsidy: Net Interest – 4% upto Rs.25,000/- in case of Women
- Interest – 5% upto Rs.25,000/- proj.cost for others
- Interest 6% for project cost above Rs.25,000/-
- Repayment: 3 years for projects upto Rs.25,000/- and 5 years for above Rs.25,000/- with repayment holiday of 6 months.
- Implementing agency :NSKFDC –National Safai Karmachariya Finance Development Corporation

Sanitation Facilities In Rural Areas

(Cir 205/07)

- Project cost Rs.8636/-
- Bank finance 90% Rs.7750/-
- Size of Toilet and Bathroom combined area: 28 sft
- 10% variation permitted in unit cost
- Construction only in Rural Area
- To be financed by Rural and Semi urban branches
- Each Rural branch to implement the scheme to bring total sanitation in villages

Swarna Jayanthi Gram Swarozgar Yojana (SGSY)

(Cir 244/99, 241/02, 302/09):

- Objective: To bring assisted poor families above the poverty line over a period of time. Scheme is funded by Centre : State Govt in the ratio of 75:25
- Loan Application to be disposed in 15 days. Maximum in one month.
- Eligibility: Families below poverty line (BPL). Identified through Gram Sabha. Assisted families known as Swarozgaris – may be individuals or groups.
- 4-5 Key activities to be identified for each block and 75% of finance to key activities only
- The Selected activity should be able to provide the beneficiary a net income of Rs.2000 p.m. at the end of the third year.
- Subsidy: Individuals – General candidates: 30% of project cost with maximum Rs.7500/- and SC/ST candidates : 50% of project cost with maximum Rs.10000/-, SHGs : 50% of project cost with per capital subsidy ceiling of Rs.10000/- and maximum Rs.1.25 lakhs. No monetary ceiling for subsidy on irrigation projects.
- Margin: For Individuals above Rs. 50,000 – 20% of Project Cost minus subsidy.
- Margin: For Groups above Rs. 6.25 Lacs- 25% of Project Cost minus subsidy
- No collateral Security upto Rs.100000/- for individuals and SHGs upto Rs.10 lacs(Cir 302/09) Subsidy amount is to be treated as margin for loans upto Rs.0.50 lacs for individuals and Rs.5 lakhs to SHGs.

- Repayment installment should not be more than 50% of incremental income
- Repayment period: 5,7,9 years and corresponding lock in period of subsidy:3,4,5 years.
- Target for women: 40% and Target for Women Groups: 50%. Target for SC/ST:50%, Disabled: 3%
- Disbursement upto Rs.10,000/- by cash permitted
- For group insurance coverage, maximum age of swarozgaris to be 60 years. Insurance coverage for 5 years or till loan is repaid, whichever is earlier.
- A sum of Rs.5000 shall become payable by LIC to the nominee of the deceased in case of natural death. In the event of death due to accident a sum of Rs.10,000 shall become payable by LIC.
- Normal group size: 10 to 20 members. In difficult areas and also for minor irrigation and disabled persons, group may be 5-20 members.
- Upto 30% of members can be Above Poverty Line (APL). No Subsidy would be available to APL members.
- Consumption Loans : Maximum Rs.2000/- per swarozgari.
- In case of SHGs utilizing subsidy successfully, DRDA considers SECOND DOSE of subsidy fund of Rs.10,000/- exclusive of upto Rs.10,000/- given as first dose.
- Insurance Cover at present is available for livestock assets given under IRDP (now SGSY). The General Insurance Corporation has agreed to provide this cover.

Inspection charges relating to advances made to Self Help Groups (SHGS) and Group model under SGSY scheme (CIR 433/2010):

- Up to Rs. 25000/- per SHG : NIL
- Above Rs.25000/- and up to Rs. 2 lakhs, per SHG : Rs.20/- per inspection per SHG - Subject to a maximum of Rs.200/- per year
- Above Rs.2 lakhs, per SHG : Rs.75/- per inspection per SHG or actual expenses incurred whichever is higher -Subject to a maximum of Rs.300/- per year

Swarnajayanthi Shahari Rzgar Yojana (SJSRY)

(Cir 440/09)

- * The scheme is to be funded on a **75:25 basis** between the **centre and the States**.
- * Assistance to individual urban poor beneficiaries for setting up gainful self employment ventures;
- * Technology/marketing/infrastructure/knowledge and other support provided to the urban poor in setting up their enterprises as well as marketing their products.
- * The unemployed urban youth whose annual family income is below the poverty line, shall be assisted with Bank Loan and Subsidy.
- * **There is no minimum and maximum educational qualification.**
- * The maximum allowable unit **project cost upto Rs.2,00,000** will be financed by the Bank.
- * The Government will provide **subsidy at 25% of the project cost** subject to a **maximum of Rs.50,000/-**.
- * The borrower has to bring in **5% of the project cost as margin money**.
- * The percentage of **women beneficiaries** under USEP shall **not be less than 30%**. Target for disabled: 3%
- * **15% of the physical and financial targets** under USEP are earmarked for the **minority communities**.

- * Technology, Marketing and other support component mainly focus on handholding support for urban poor entrepreneurs who want to be self-employed and set up their own small business or manufacturing units.
- * **Micro Business Centres (MBCs)** shall be established at cluster level supported with one time capital grant subject to concerned State/Urban Local Body providing the required land free of cost. MBC under the Scheme would be provided financial support not exceeding Rs.80 Lacs.
- * **Urban Women Self Help Programme** The UWSP group should consist of at least 5 urban poor women to be eligible for subsidy under the Scheme
- * UWSP Group shall be entitled to a **subsidy of Rs.3 Lacs or 35% of the cost of project or Rs.60,000/-** per member of the Group, **whichever is less.**
- * SHG shall also be entitled to a **lump sum grant of Rs.25,000/- as Revolving Fund** at the rate of **Rs.2,000/- maximum per member**
- * **Skill Training for Employment Promotion among Urban Poor (STEP-UP):** Target the urban population below poverty line
- * The percentage of **women beneficiaries** shall **not be less than 30%,.**
- * SC/STs must be benefited atleast to the extent of the proportion of their strength in the city/town population below poverty line
- * The **average unit cost allowed for training** shall not exceed **Rs.10,000/- per trainee**
- * **Disposal Time:** For loans upto Rs.25000/- within a fortnight. Above Rs.25,000/-, within 8 to 9 weeks
- * **Collateral / Guarantee for bank loans:** An entrepreneur can take a **composite loan upto Rs.2,00,000/-** and this would **not require any collateral/guarantee.**
- * The beneficiary should be **residing in the town for atleast 3 years.**
- * Repayment: 3 to 7 years with moratorium of 6 to 18 months.

Indira Awas Yojana - (IAY) **(Housing Loans under DRI Scheme) (Cir 52/2009)**

- The scheme is titled as “Scheme For Extending Housing Loans Under DRI Scheme To Beneficiaries Under IAY”
- Scheme is implemented by Ministry of Rural Development, Govt. of India
- Rural poor living below poverty line i.e. rural households having an annual income of up to Rs.32,000/- are the beneficiaries under IAY. This DIR facility applicable for people with income upto Rs.18,000/- as per DIR norms and in Rural areas only.
- Beneficiaries are provided with grant assistance for construction of new house including sanitary facilities upto Rs.35000 in plan areas and Rs.38,500/- in hilly/difficult areas. For upgradation of existing house, it is Rs.15,000/- in all areas. The grant burden is shared between Central and State Governments in the ratio of 3:1.
- Quantum of loan is Rs.20000 maximum and maximum project cost Rs.50000
- Margin is Project cost minus Grant & Top Up Loan by Bank.
- Security is mortgage of housing unit
- Int.max.9% floating for loans other than DIR and for DIR @4% interest.
- The loan is to be recovered within 60 months with a minimum repayment period of 36 months. Can be extended to 120 months selectively.

- To be classified under priority/Direct Housing and reported in PSR 1 – Flash report and in PSR 80.
- Automatic refinance from NHB is available.

Interest Subsidy Scheme For Housing The Urban Poor (ISHUP) // Cir 59/2010, 326/2010

- For Economically Weaker Section (EWS) and Low Income Group (LIG) of the urban population.
- Economically Weaker section is defined as households having an average monthly income upto Rs.5000/- and for Lower Income Group between Rs.5001/- to Rs. 10000/-. (Cir 326/2010)
- Bank Finance upto Rs.1 lakh for EWS households and Rs.1.60 lakhs for LIG Households.
- Interest subsidy is restricted to Rs.1.00 lakh only for LIG and EWS households.
- Interest subsidy at 5% p.a based on Net Present Value (NPV) is provided for the entire repayment period of 15 -20 years on an upfront basis. Entire interest subsidy is borne by Govt. of India. State Govts. Will assist in implementation of the scheme.
- The scheme is operational till 2012 (till closure of 11th five year plan)
- Construction / acquisition of New House / flat with a minimum area of 25 sq. meters for EWS.
- Construction / acquisition of New House / flat with a minimum area of 40 sq meters for LIG
- Upto Rs.1 lakh loan, no collateral security, only primary security of house property.
- No Margin for loan upto Rs.1 lakh for EWS, Rs.1.60 lakhs for LIG.
- NHB and/or HUDCO are the nodal agencies for implementation of the scheme and administration of subsidy.
- As far as possible, 70% of such loan shall be for EWS & 30% for LIG

Janashree Bima Yojana

- 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 (cir 94/09)
- Age : 18 to 59 years
- Coverage: Natural death **Rs.30000/-** , Death due to accident **Rs.75000/-** , Permanent disability due to accident **Rs.75000/-** Loss of both legs, both hands, both eyes **Rs.75000/-** , Loss of One leg One Hand and One eye **Rs.37500**
- **Add on benefit to JBY:** Scholarship: from 9th std to 12th std. @ 600/- per half year (i.e. Rs.1200/- p.a) to the children of the members of women SHG.

Entrepreneur Clubs and Mentors (Cir 26/2008)

Entrepreneur Club: Common forum for the beneficiaries and successful entrepreneurs - All rural and semi urban branches with more than 50 accounts outstanding under Government Sponsored Schemes to form Entrepreneur clubs.

- a. Branches to identify 4 or 5 successful entrepreneurs who have availed government sponsored schemes and invite them to be the members of the club on honorary basis.
- b. Meeting of the club to be conducted once in 2 months. In case of seasonal disbursement, the meeting may be conducted more often- monthly and during the off season the meetings need not be conducted.
- c. Branch in charge/credit managers/AEO have to navigate the meetings.

Concept Of Mentors – Rural/Semi-urban branches with more than **100** accounts outstanding under Government sponsored schemes shall identify mentors- borrowers from successful borrowers who would provide guidance (handholding) to borrowers of government sponsored schemes, on honorary basis.

Backended Subsidy for SGSY, SJSRY, CLS-TUFS should be kept in Sundry Suspense (other than Accounts Payable) and reported in Code 1130 of RBI Statement. Under No circumstances, it should be included under SL accounts payable. (Cir 273/2007)

GENERAL ADVANCES

Credit Risk Management Policy

(Cir no.159/2010 dated 05-05-2010)

- Thrust Areas: Agriculture, MSME, Export segment, Other Priority, Manufacturing Sector, Service Sector etc. Non-Thrust Areas: Commercial Real Estate, NBFCs, Capital Market & Industries which do not have growth potentials.
- Prudential exposure limit to a single borrower: 15% of bank's capital funds for Low Risk & Normal Risk customers, and 5% additional exposure for infrastructure projects. (RBI has enhanced this limit to 25% for Oil Companies with 5% leverage to go beyond 25% in case of need.) For Moderate Risk Borrowers: 12% of capital funds (additional 3% for infrastructure projects) and for High Risk Borrowers: 8% of capital funds with 2% extra for infrastructure.
- For group accounts, as prescribed by RBI.(regulatory limits ie 40% of capital funds. For Infrastructure lending, it can be 50% of capital funds).
- Board can permit 5% extra limits, with in regulatory limits.
- Consortium Financing: No ceiling on number of banks but each bank's share should be atleast 10% of total Fund Based limits. Can be reduced selectively.

- Prudential exposure limit for individual non corporate borrowers, which can be permitted by concerned sanctioning authorities : Individuals – Rs.5 crores, Proprietorship : Rs.30 crores, Society/Trust/HUF- Rs.30 crores & Partnership concerns: Rs.50 crores.
- Substantial Exposure Limits : 300% of capital funds as on 31st March of previous year. (For substantial exposure, the threshold limit is arrived at 10% of capital funds)
- Exposure to Real Estate : 20% of Gross Credit and to Commercial real estate sector should not exceed 5% of Gross Credit.
- Project Parameters for Real Estate: DER not more than 3:1, Promoters' contribution: Not less than 25% + 25% advance money. (margin 40% only if land is purchased from Govt.) FACR 2:1 and above for Term Loans, Repayment 7 to 10 years including moratorium period.
- Canara Rent and Canara Mortgage comes under Commercial Real Estate Sector.
- Exposure to NBFCs: To NBFCs : Max.10% of Bank's capital funds. For NBFC-Asset Financing Companies: max.15% of banks capital funds.(5% extra for NBFCs who lent to infrastructure).
- Bank will finance to those factoring companies who derive atleast 80% of their income from factoring activity and the receivables purchased form atleast 80% of the assets of the factoring company.
- Financing Producers of Feature Films: Bank Finance Maximum: 35%, Margin :25%, advance from distributors: 40%.
- Borrowers (Corporates and other constituents) having sales turnover of over Rs.50 crores shall disclose "Ageing Schedule" of their overdue payables in their periodical returns/statements submitted to the Bank.
- Loans to individuals against shares – Maximum Rs.20 lakhs for Demat shares and Rs.10 lakh for physical form shares, from entire banking system
- Margin on shares: 50%
- For subscribing to IPOs, maximum quantum is Rs.10 lakhs only.
- Under ESOP scheme, finance upto 90% of the purchase price with maximum Rs.20 lakhs. (If the borrower is having another loan against shares, total quantum including ESOP should not exceed Rs.20 lakhs).
- As per Section 19 (2) of BR Act, 1949, no Banking Company shall hold shares in any company whether as a pledgee or mortgagee or as absolute owner of an amount exceeding 30% of paid up capital of the company or 30% of its own paid up capital and reserves, whichever is less.
- Lending to Capital Market: Not to exceed 40% of Bank's networth, of which Bank's direct investment in shares, debentures etc., not to exceed 20% of NW.
- Loans to Mutual Funds: Upto 20% of net asset of the scheme, max.6 months.
- An internal exposure ceiling is fixed for discounting the bills co-accepted by Private Sector Banks, Co Operative Banks and other Non Prime Foreign Banks for negotiation of documents under LCs, with in 50% of Net Owned Funds of such banks.(with in 25% of NOF in case of co-op banks).
- Bank may directly lend to Private Sector Banks having tangible net worth of Rs.1000 crores and above.
- For Construction Companies, Assessment of working capital limits: Not to exceed 9 times of Net Owned Funds of the entity. This may be waived to Low Risk rated entities selectively by GM(HO) and above authorities.
- Lending on the guarantees issued by other Banks/FIs: Borrower's satisfactory dealings with us for atleast 3 years, Bank which issued guarantee should have fund based exposure of atleast 10% of the amount guaranteed.

- Pricing of Credit under HO Powers & where RBI guidelines are not there: LR1, LR2, LR3 -BPLR, NR – BPLR+1%, MR – BPLR + 2%, HR – BPLR + 3.5%.
- CO Power Accounts: LR1, LR2, LR3: BPLR +1%, NR: BPLR+1.5%, MR: BPLR + 2%, HR : BPLR + 3.5%.
- At present, bank is pricing loans based on Credit Risk Rating done under Large Corporate Module for borrowers with exposure above Rs.2 crores engaged in Manufacturing/Service activities with turnover/income above Rs.25 crores.
- Authority to permit Reduction in Rate of Interest: ED :BPLR-3.5%, CMD: BPLR-5%. Beyond this, reduction can be permitted by MC.
- GM(HO) can permit reduction upto 1.5% maximum (not below BPLR) for LR1, LR2, LR3, NR accounts only. No powers for MR, HR accounts.
- For export credit, only CMD can permit reduction in ROI subject to sub BPLR spread stipulated by RBI ie not less than BPLR – 2.5% (BPLR -4.5% where interest subvention is there).

(Delegation Of Powers For Extending Reduction In Interest Rates (Cir 257/2010): GM (HO) For all borrowal accounts upto GM (HO) powers :1%(ultimately not below base rate), ED : Upto Base Rate + 1.50% C&MD : Upto Base Rate)

- Benchmark Current Ratio : Turnover Method: 1.25 and MPBF/Cash Budget Methods: 1.33
- If the Current Ratio is less than prescribed norms, if bank exposure is Rs.50 crores and above, Quarterly Cash flow statements will be called for and monitored to ensure that there is no further deterioration in liquidity.
- If Current Ratio is less than One, Sanctioning authority can permit only renewal. Enhancement by next higher authority (upto CO head powers)
- Fixation of time schedule for Working Capital limits: LR1 – max.18 months, LR2& LR3 – max.15 months, NR, MR – max.12 months.
- MSME Account with LR 3 rating : Tenability 15 months
- In case of new borrowal accounts, Low Risk (LR1, LR2, LR3) and Normal Risk rated accounts only can be financed by respective Sanctioning Authority.
- Moderate Risk and High Risk accounts: Only renewal by concerned sanctioning authority. Additional limits by next higher authority.
- Duration of limits: Employees OD: 2 years, Gold Card for Exporters : **2 years**, Established Exporters: 2 years, LUCC : 3 years, Cantrade: 2 years, SME : may be permitted for 2 years. Canara Kisan OD:3 years, KCCS:3 years, Kisan Suvidha: 5 years, Krishi Mithra CCS: 3 years.
- Rejection of SME, EL proposals with concurrence of next higher authority
- Rejection of Export Credit proposals to be reported to CMD
- Turnover method applicable to SME Borrowers upto Rs.5 crores and Non SME Borrowers upto Rs.2 crores.
- MPBF method applicable above 2cr(Non SME) above 5cr (SME) : upto 25 crores.
- Above 25 crores, either MPBF or Cash Budget method.
- Loan System for delivery of Bank Credit is applicable for working capital limits of Rs.10 crores and above.
- Agricultural loans of Rs.50 lacs & above: Project Appraisal by Agricultural Consultancy Services, HO.
- Commitment charges : Limits of Rs.10 crores and above(FB&NFB) corporate borrower - 0.25% of unutilized portion(For MSME-1%)

- Target for Export Credit : No Targets are prescribed for Indian banks. Export Credit comes under Preferred Sector (12% of ANBC for foreign banks only)
- Corporate Debt Restructuring : Corporates of Rs.10 crores and above under MBA/Consortium/Loan Syndication. Accounts of Standard, Sub- Standard and Doubtful assets are eligible
- Debt restructuring for SMEs to be completed within 60 days – Amount upto Rs.10 crores for corporates and no ceiling for individuals/partnership (Now as per cir 245/2010, this is merged in Loan Restructuring Policy of our Bank)
- In case of existing parties, term loans for expansion, Rs.200 lacs and above, new parties Rs.100 lacs and above, project appraisal has to be done by Project Appraisal Cell, HO/CO/Authorised appraisers
- Pre payment penalty in case of Term Loans transferred to other Banks : 2%
- National Building Code 2005 is applicable for loans to construction of building, exceeding Rs.25 crores
- Quick Mortality Accounts are: Aggregate liability of Rs.5 lacs and above and becoming NPA within 12 months for parties who availed limits for first time
- Mid Term review is applicable for all accounts under sanctioning powers of AGM and above and shall fall after 6 months
- Validity Period of sanction (cir no.207/08) : Working capital limits: 3 months, Term Loans : 6 months, Short Term Loans/Ad hoc limits: 30 days. If limits are not availed within the above period, sanction is to be revalidated by sanctioning authority.
- Cancellation of Unavailed Portion of Limits: Sanctions upto next lower sanctioning authority to Head of Circle: Cancellation by Head of Circle. CO Head sanction: Cancellation by CO head, HO sanctions – Cancellation by GM, HO only.
- Short Term Loans: Repayable in less than 36 months. Medium Term Loans: Repayable in 36 months to 84 months. Long Term Loans: Repayable in beyond 84 months, upto 120 months. Infrastructure, HLTs Term Loan may exceed 120 months.
- Credit Audit System: Scrutiny of accounts to improve general health of credit portfolio: Aggregate (FB+NFB) limits of Rs.1 crore and above.
- Credit Monitoring Officers: All borrowal accounts of Rs.1 crore and above (fund based) shall be monitored once in 2 months by CMOs.
- The CR & M section, RM wing shall conduct monitoring of high value borrowal accounts of Rs.10 crores and above. Special watch a/cs.Rs.1 cr. And above.
- Extension of limits: restricted to 6 months with maximum 3 months at a time. In exceptional cases, Holding On Operations will be permitted by C & MD or ED upto 6 months as per bank's policy for sick units. (This is also treated as extension of limits, not more than 3 months at a time)
- First level extension(for LR,NR,MR) can be permitted by concerned sanctioning authorities. HO sanctions – first level extension by GM, CO.
- Second level extension upto CO Head sanctions by CO Head. HO sanctions by HO GM.
- In respect of High Risk Accounts: Only one extension can be permitted. Extension by CO head for sanctions upto below CO head powers and by GM(HO) for CO head sanctions. GM(HO), ED sanctions: respective authorities only. In case of CMD sanction, ED can permit extension. MC accounts, extension by CMD and ED in absence of CMD.
- In expired limits, exposures beyond the sanctioned limits shall not be permitted except for internal debits.
- Credit Risk Rating : Pre sanction exercise for all loans of Rs.2 lacs and above. Models : upto Rs.2 lacs – Portfolio model, Rs.2 to Rs.20 lacs – Small Value Model, Over Rs.20 lakhs to Rs.2 crores – Manual model and above Rs.2 crores – RAM. (Individual

exposures of Rs.15 crores and below is risk rated under RAM by RM Section at Circle Offices)

- Bank accepted Domestic Credit Rating Agencies: Credit Analysis and Research Ltd (CARE), CRISIL Ltd., FITCH INDIA ltd., ICRA limited. International Credit Rating agencies: FITCH, MOODY'S, STANDARD AND POOR.
- SME RATING: MOU with SME rating Agency of India Ltd (SMERA) promoted by SIDBI, Other banks /FIs and CRISIL.
- Valuation of Assets by outside valuers in Banks panel: Fixed Assets: LR – Not required. NR :once in 3 years (Rs.2 cr and above) MR&HR: Once in 3 yrs, Rs.1 cr and above.
- Current Assets Valuation (Stock Audit) Once in a year (LR Rs.5 cr and above, NR,MR,HR, unrated Rs.1 cr and above). Doubtful Assets: once in 2 years (1 cr and above).
- If an account is downgraded by 2 notches (while doing annual risk rating of the account), stock audit is to be conducted with in 3 months from date of such downgradation.
- Valuation of properties (Land & Building) Rs.50 crores and above – minimum 2 independent valuation reports to be obtained.
- Accounts of Rs.10 cr and above and complicated cases irrespective of amount, are entrusted to valuers in Panel “A”. Other accounts are entrusted to Panel “B”.
- Depreciation: Building – 5% per year, Plant & Machinery – 15% per year and Vehicle – 20% per year.
- In case of falsification of accounts on the part of borrower, formal complaint against the auditors of the borrowers should be lodged with the Institute of Chartered Accountants of India (ICAI) through CO.
- Wrong certificates issued by advocates - Report to CO, CO will report to BAR council of India.
- Portfolio Management: Categorisation of Standard Assets under Special Watch Category: Category A : limits upto&including Rs.1 lakh, Category B: limits over 1 lakh, upto& including Rs.5 lakhs. Category C: Limits over Rs.5 lacs, upto & including Rs.25 lakhs, Category D: Limits of Rs.25 lakhs and above upto Rs.100 lacs. Category E : Limits of Rs.100 lacs and above. Reporting to CO: A&B: Monthly last day. C,D,E: 15th and last working day of month.
- Restrictions for Lending as per RBI guidelines: Sec 20(1) of BR act: Bank can not advance against its own shares. Selective Credit Control: At present only levy sugar.
- Bank should not grant loans/advances against FDRs issued by other banks
- No loans against CDs. (recently RBI permitted loans to Mutual Funds only on CDs)
- No Financing to Housing Projects undertaken by Govt. bodies for own use.
- No loans to be granted to companies for buy back of shares/securities.
- No loans to small/medium units engaged in manufacture of Aerosol Units using Chloro Fluoro Carbons (Ozone Depleting Substances).
- Benchmark Parameters for Transport Operators: DSCR Not less than 1.50, DER not more than 3:1 (can be relaxed to 4:1), Repayment max.6 yrs + max.3months moratorium.
- Project Financing other than Infrastructure: Upto 100 lakhs: DE Ratio: not more than 3:1(can be relaxed to 4:1with reasons) DSCR not below 1.50, FACR : not less than 1.33.
- Over Rs.100 lakhs (projects other than infrastructure): DER not more than 2:1(CO head can accept 4:1 with reasons) DSCR not less than 1.50 (can be relaxed to 1.40), FACR not less than 1.33(1.20 by CO head), IRR 4% above cost of funds. **IRR applicability: Project Cost Rs.25 crores and above.**
- Infrastructure: DER : 2:1 upto 4:1, DSCR not less than 1.50(relaxable to 1.25). Promoters contribution: not less than 11% of project cost, FACR : not less than 1.25 (can

be relaxed to 1) IRR : 4% above cost of funds (Applicable for Project Cost of Rs.25 crores and above. IRR for Road Projects can be 2% above cost of funds.

- Agriculture loans: DER : 3:1 (for TLs upto Rs.10 lacs, DER upto 5.66:1), Promoters contribution: min.15% of PC, FACR not less than 1.2, DSCR not less than 1.5.
- Normal margin on Computer Hardware: 40 to 50%, repayment : 3 to 4 years.
- LTV Ratio (Loan to Value Ratio) : Total Outstanding Liability/realizable value of security. Shall not be more than that accepted at the time of sanction.
- Banks overall exposure to capital market: Should not exceed 40% of its net worth as on March 31st of the previous year. Of which, direct investment in shares should not exceed 20% of net worth.
- Margin on advances against Shares: 50%.
- Time Norms for disposal of Loan Applications: Loans upto Rs.25,000/- within 15 days. KCCS Branch Powers: max.15 days. Other Priority upto Rs.25,000/- :2 weeks, Over Rs.25,000/- : 8-9 weeks.
- Exporters under Gold Card Scheme: Fresh:25 days, Renewal:15 days, Adhoc:07 days.
- Export Credit: Fresh sanction:45 days, Renewal:30 days, adhoc:15 days.
- Sole Banking, MBA, Consortium: 60, 45, 30 days.
- SME:Upto Rs.25,000/-:2 weeks, Rs.25,000 to Rs.5 lakhs:4 weeks, Rs.5 to 25 lakhs: 6 weeks and above Rs.25 lakhs:8 weeks.
- Takeover of Borrowal Accounts from other Banks: Current Ratio: Not less than 1.33/1.25. DER not more than 2. Upto DGM(CO) powers, Permission from Next Higher authority is required.
- Takeover of SME accounts: concerned sanctioning authority may sanction. Current Ratio: up to 1 (including 1). DE ratio up to 3. No NOC.
- During first year of takeover, adhoc limits can be permitted by Next Higher Authority upto Circle Head Powers. During first year of takeover, any enhancement of limit by Circle Head and above authorities
- Residual Repayment period should not be enhanced in case of takeover of Schematic Lending accounts.
- Credit Administration: New Accounts: LR1, LR2,LR3 and Normal Risk Rating Accounts: Sanctions by concerned sanctioning authority. Moderate Risk: sanction by Head of Circle.
- Existing Accounts: LR1, LR2, LR3, Normal Risk: Concerned sanctioning authority can permit renewal with need based enhancement. Moderate Risk: Respective sanctioning authority can do renewal and need based enhancement upto Circle Head power account, however when borrowal account is downgraded to Moderate account, immediate next enhancement/additional limit should be got cleared by the next higher authority before conveying the sanction. In case of HO power account concerned sanctioning authority can renew/enhance or permit additional limit in moderate risk rated borrowal accounts. High Risk upto Circle Head power account: Renewal/enhancement and additional limit can be permitted but while taking additional exposure clearance from next higher authority should be obtained. In case of high risk rated HO power account, respective sanctioning authority can permit renewal with enhancement/additional/fresh exposure.
- SME Accounts with working capital limit of Rs.2 crores, rated LR1,LR2, obtention of stock statement and godown inspection may be prescribed at quarterly intervals by concerned sanctioning authority. But, monthly simplified stock statement to be obtained.
- **QOS/HOS:** Applicable for parties enjoying fund based limits of **Rs.5 crore** and above(Cir 303/09). Penal interest @1% for non submission/delayed submission from September 2009 onwards for parties enjoying WC limits of Rs.5 cr & above. (Cir 7/2010:

Penal interest to be charged on liability for the delayed period ie for entire quarter, to be collected on first day of subsequent quarter)

- Proposals of SME Restructuring upto Rs.25 lakhs to be submitted to concerned SIR sec CO(next higher authority). Above Rs.25 lacs to SIR, CO.
- Enabling Mechanism for meeting payment obligations by Large Corporates to SMEs: While sanctioning working limits of Rs.10 cr and above to large corporate, we fix sub limit, within the overall limit, specially for meeting payment obligations in respect of purchases made by them from SMEs.
- Slippage Management Committee at HO : committee with 4 GMs and will review accounts of Rs.10 crores and above appearing in part E of special watch list, review once in a month. Committee at CO : Review fortnightly, accounts of Rs.1 crore and above.
- **Commercial Real Estate Clarifications** (Cir 326/2009) : Real Estate is generally defined as an immovable asset - land (earthspace) and the permanently attached improvements to it. For an exposure to be classified as CRE, the essential feature would be that the funding will result in the creation / acquisition of real estate (such as, office buildings to let, retail space, multifamily residential buildings, industrial or warehouse space, and hotels) where the prospects for repayment would depend primarily on the cash flows generated by the asset. Additionally, the prospect of recovery in the event of default would also depend primarily on the cash flows generated from such funded asset which is taken as security, as would generally be the case. The primary source of cashflow (i.e. more than 50% of cash flows) for repayment would generally be lease or rental payments or the sale of the assets as also for recovery in the event of default where such asset is taken as security.
- **Housing loans more than 2 to any person will be treated as Commercial Real estate as the repayment will be out of rental income.**
- Exposures taken against existing commercial real estate whose prospects of repayments primarily depend on rental/ sale proceeds of the real estate shall be classified as Commercial Real Estate (CRE)
- Exposures NOT to be treated as CRE: If the repayment primarily depends on other factors such as operating profit from business operations, quality of goods and services, tourist arrivals etc., the exposure shall not be counted as Commercial Real Estate.
- CRE exposures to the extent secured by Commercial Real Estate would attract a risk weight of 100 per cent. Exposure to Equities of Real Estate Co. or Mutual Fund Co. investing in equities of CRE would attract 125% risk weight and investment in Equities of Venture Capital Funds will attract 150% risk weight.
- Project Parameters of Commercial Real Estate: DER 3:1, FACR 2:1, Promoters contribution: 50% (own 25% and advances from purchasers 25%).
- Lending in respect of Special Economic Zones (SEZs) has been defined as one of the categories eligible for classification as 'Infrastructure Lending'.
- Short Term Corporate Loan Scheme (cir 203/09) For Good Rated corporate, to meet short term needs. Maximum period of loan : 35 months. Minimum amount Rs.5 crores. To be availed within 30 days from sanction. Sanction by ED/CMD/MC. Processing Charges Min. Rs.1 lakh and maximum Rs.3 lakhs. Purpose: Any Business purpose, NOT for Capital Market and Real Estate purchase.
- MSOD details shall be obtained from Industrial borrowers enjoying working capital limits of Rs.10 lac and above apart from stock statement. (Cir 71/2010)
- Risk Weight for Asset Financing Companies : 100%
- Regulatory Retail: Annual Average Turnover less than Rs.50 crores, individual loan not exceeding Rs.5 crores, No single loan exceeding 0.2% of overall regulatory retail portfolio.

- Risk Weight for NPAs: If provision is less than 20% of outstanding amount: Risk Weight is 150%. 100% risk weight if provision is atleast 20% of outstanding and 50% risk weight if provision is atleast 50% of outstanding.
- If provisions reaches atleast 15% of outstanding and if the NPA is fully secured by Mortgage properties or machinery, then risk weight will be 100% only (net of specific provisions)
- EXIT POLICY: If account is graded as High Risk (other than PSUS), Sliding risk gradation by 2 notches, failure of restructuring/rehabilitation efforts more than twice in a period of 3 years, persisting gross irregularities.
- Cir no.231/09: Penal interest of 2% on the outstanding liability shall be collected if the Audited financial statement is not submitted before 31st October of every year or within a fortnight from the date of Audit of financial accounts of the company whichever is earlier. This shall not be applicable to PSUs / Government organizations.
- Simplified format (NF1002) for credit review/ renewal of borrowal accounts upto branch sanctioning powers or upto a limit of Rs.1.00 lac whichever is less except staff account has been introduced. However, individual renewal documentation shall be obtained as hitherto. For Agril running accounts existing procedure to continue. (Cir 103/2011)
- At the request of the depositors/borrower/Auditee client, confirmation of balances in deposit and advances accounts of entities should be sent directly to the Balance Sheet auditors of the clients. (Cir 147/2011, 167/2011)

Delegation of Powers

(Cir no.236/08, 233/09, 301/09, 157/2010, 432/2010, 113/2011)

- Bank has introduced determination of credit sanctioning powers of various sanctioning authorities (GM (HO) & below) based on the internal credit risk rating grades of the borrowers. Further, where borrowers are not individually rated internally, the delegated powers as indicated under Moderate Risk is to be applied
- No authority is empowered to sanction loans/advances to new clients rated 'High Risk'. Stipulation to obtain prior clearance from GM (HO) in respect of borrowers rated Moderate Risk removed.
- Two categories only: Secured Advances & Clean Advances
- Regular credit facility & Adhoc credit facility
- Unsecured exposure is defined by the RBI as an exposure where the Realizable value of the tangible security as assessed by the Bank/approved valuers/RBI inspecting officers, is not more than 10%, ab initio. This definition shall be used for the purpose of classifying and reporting of unsecured advances.
- Substantial interest in company: Holding 10% of paid up capital or exceeding Rs.5 lakhs
- Wherever delegation is linked to respective risk rating grade, such rating awarded shall not be older than 15 months.
- While considering Estate Purchase Loans, first we grant DPN and subsequently convert it as Estate purchase loan by putting through EMT within 45 days.
- Categorisation of branches: Small – Total business upto Rs.5 cr. Medium - >5cr. Upto 25 cr. Large - >25 cr and upto 75 cr. (with min 10 cr advances) Very large: >75 cr upto 250 cr. (with min.25 cr advances) Exceptionally large: Above 250 cr. Upto Rs.1000 crores with min.adv.Rs.100 cr., Premier Branch : Above Rs.1000 crores with min.adv.Rs.750 crores. Heading: Small- Scale I with min.4years experience, medium – Scale II, Large – Scale III, VLB-Scale IV, ELB-Scale V, Premier Br-Scale VI. (cir 43/09)

- Loans to Relatives of Our Bank Directors, Directors of Other Banks/ our Subsidiaries etc: Upto Rs.25 lakhs: sanction by sanctioning authority, but report to Board of Directors. Above Rs.25 lakhs : Sanction by Management Committee/Board of Directors.
- Branches can sanction Gold Loans to Close Relatives of our Employees, upto Rs.20,000/- only within their delegated powers.
- Loans and advances against NRE/FCNR(B) deposits to Third Parties: Can be granted by not below Scale IV. Advances to third parties on NRE/FCNR shall NOT be granted on the basis of Power of Attorney.
- Validity period of sanction: working capital:3 months, Term Loan: 6 months, Short Term/Adhoc: 30 days
- Financing Non Wilful Defaulters: Agricultural Borrowers upto Rs.50,000/- by concerned sanctioning authority. Above Rs.50,000/- Agri Loans by next higher authority. All other cases by GM(HO) only.
- New Borrower Clients where Current Ratio is less than 1: Only in exceptional cases and the sanction by GM (HO) only.
- The Manager/Senior Manger cannot issue Bank Guarantees for period of more than 2 years, except with 100% margin. Not more than 10years even with 100% cash margin.
- Whenever any officer / manager officiates in higher posts on account of leave/training of permanent incumbent, the officer officiating shall exercise powers conferred on that higher post. But such sanctions shall be placed before the permanent incumbent for information after he resumes the office.
- Loans / advances to close relatives of existing individual borrowers: Shall be placed before next higher authority for sanction. In case of Agricultural advances, concerned authority can sanction.
- Third party property taken as collateral security for new parties: Next higher authority has to sanction.
- Issue of solvency certificate: upto Rs1 lakh: declared net worth of client. >1 to 5 lakh: Unaudited Fin. Statements
- Above 5 lakhs: Audited financial statements
- Standby credit to SME: Upto 20% of delegated powers or sanctioned limit whichever is lower. Standby credit for Export Credit: 10% of sanctioned limit or delegated powers whichever is lower.
- TOD in SB:CM/DM: Rs.10,000/- . Upto Scale III : No Powers to sanction TOD in SB/CA.
- Secured Adhoc facility: 20% of sanctioned secured limit/20% of delegated powers for that limit whichever is less.
- Clean Adhoc: 5% of sanction secured limits/5% of delegated limit for sanction of clean facility whichever is less upto DGM powers. GM powers and above: 10% of sanctioned secured limit or 10% of delegated limit for clean facility whichever is lower.
- Adhoc credit facility can be permitted for maximum period of 90 days only.
- Documentation: Adhoc facility permitted for >30 days secured or >15 days clean, documentation to be done
- The Overall limit per Farmers Co Op Society : Rs.25 lakhs (comes under Indirect Finance to Agriculture)
- Housing Loan: Small br:2 lacs, Medium 5 lacs, large:10 lacs. CM/DM:20 lacs AGM:25 lacs, DGM(GM headed CO):30 lacs, Circle head:GM/DGM:50 lacs. GM in Metros:100 lacs, GM(HO):150 lacs, ED:200 lacs, CMD>200 lacs.
- Retail Hub(HL):Head of RAH:Same as head of CO, AGM/CM:30 lacs, SM:20 lacs, Mgr:10 lacs

- Retail Hub(Other Schemes): Head of RAH:Same as head of CO, AGM, CM, SM & M: As delegated to branch functionary.
- Maximum powers: Small br:15 lacs, Medium br:30 lacs and large branch: 50 lacs.
- Canara Mortgage: Circle Head can sanction upto Rs.30 lakhs.
- Canara Rent: CM/DM: Rs.25 lakhs, AGM:Rs.50 lakhs, DGM:100 lakhs, GM:Rs.200 lakhs.
- Passing of Advocate Bills : Suit amount upto Rs.5 lakhs, by concerned branch manager, above Rs.5 lakhs by CO.(cir 176/09)
- Issuance of legal notice: Concerned sanctioning authority can issue legal notice.
- Category I Securities: Term Deposits, Freehold land & building, NSC, IVP,GPN, GOLD, LIC Policies etc.
- Category II: Leasehold land & building, Stock in Trade, Equipments, Furniture & fixtures
- Category III: Book Debts, Supply Bills
- Powers for purchase of DDs, Travellers Cheques in Foreign Currency: For Customers:2, 3, 5 lacs (small, medium,large branches) For Non Customers: Urban/Metro/Br at Tourist Centres: USD 1200 for S,M,L branches. Rural/Semi Urban: USD 600 for all 3 categories branches.
- Loans to SHGS – Other than Govt. Sponsored Schemes: Rs.1, 2, 3 lakhs (small, medium, large branches).
- Additional powers for Export credit for Overseas branches: 100% additional sanctioning powers over and above normal delegated powers. In other branches : 50%
- Additional powers for SME in Specialised branches: 50% additional powers.
- Adhoc credit facility (ACF) – reporting of un-regularized transactions & maintaining a register of ACF granted (cir 149/09)
- In case any authority in a higher scale is heading a branch, the official can exercise sanctioning powers delegated to his / her designated authority only on specific delegation accorded by the C&MD of the Bank. Till such time the sanctioning powers normally delegated based on the Branch category can only be exercised.
- In case of recategorisation to a lower category, till the higher designated official is withdrawn he / she shall continue to exercise the credit sanctioning powers delegated to him / her.
- Authorities below GM (HO) do not have powers to sanction loans/advances to NBFCs (Leasing, Hire Purchase (Asset Financing), MFIs engaged in micro finance activities, housing finance companies).
- In case of FCLR, ED & above authorities are empowered to permit upto their respective delegated powers (both fresh as well as by earmarking the existing fund based rupee limit)
- Bank has put in place system to monitor the flow of credit to various sectors of the economy on a run time basis and has introduced Web Based Credit Sanction Register (NB 139). All proposals including telephonic sanctions shall be reported through this (NB 139). Sanctions should also be recorded in the package.
- Proposals which are being placed before Circle Head (DGM/GM) shall be routed through the Credit Committee at CO.
- For Non Borrower Customer, to effect advance remittance towards import of goods & services excluding rough diamond and for air craft without obtaining Advance Payment Guarantee up to USD 200,000.(IO/40/2011)
- For the Borrower Customers, who are utilizing their existing credit limits for making advance remittances towards import of goods or services excluding rough diamond and for air craft, the branches can effect advance remittance without obtaining Advance Payment Guarantee up to USD 200,000.(IO/40/2011)

- In case of Agril development loans, clean loans can be granted upto Rs.50,000/- within the overall limit of Rs.65,000/-.
- Specialised AF branches headed by Chief Manager can permit 50% of additional sanctioning powers over and above the normal delegated powers for sanctioning of fund based/non fund based working capital credit limits (excluding Term Loans). As the enhanced limit will be that of AGM powers, such sanctions are subjected to Mid Term Review (MTR).
- The stipulation of linking sanctioning powers to **category of securities** removed.
- CM/DM and above authorities can sanction credit facilities to **new borrowers** rated MODERATE RISK.
- Officials in scale I, II & III are delegated to sanction **secured loans** of less than Rs 2 lakhs under **priority sector** without reference to rating grade of the borrower.
- Annuities under build-operate-transfer (BOT) model in respect of road/ highway projects and toll collection rights, where there are provisions to compensate the project sponsor if a certain level of traffic is not achieved may be treated as tangible securities subject to the condition that Bank's right to receive annuities and toll collection rights is legally enforceable and irrevocable.

Non Fund Based Limits: (Not Fully Secured):

(Cir 157/2010, 432/2010)

- (Overall security not below 60% of the NFB limit)
- Bank Guarantee of Rs.50000 & above shall be signed by two authorised signatories.
- Risk Rating linked delegation power is applicable only in, not fully secured non fund based limit. The delegated power to different authorities are as under:
- Manager in charge of Small branch - Rs.2 lacs(LR) & Rs.1.5 lacs(NR).
- Manager in charge of Medium branch/ Credit Manager in VLBs/ELBs - Rs.6 lacs(LR) & Rs.4 lacs(NR)
- Manager in charge of large branch - Rs.10 lacs(LR) & Rs.8 lacs(NR)
- Senior Manager in ELB/VLB - Rs.10 lacs(LR) & Rs.8 lacs(NR)
- Specialised branches, viz., SSI/ Overseas/ IF/AF and Manager of advances section at CO- Rs.10 lacs(LR) & Rs.8 lacs(NR)
- DM/CM - Rs.30 lacs(upto NR) & Rs.25 lacs(MR)
- AGM In Branch - Rs.100 lacs(upto NR) & Rs.75 lacs(MR)
- AGM In Admin Including Circle Head - Rs.150 lacs(upto NR) & Rs.120 lacs(NR).
- DGM - Rs.200 lacs(upto NR) & Rs.150 lacs(MR).

Delegation Of Powers: Loans Against NRE/FCNR (B) Deposits

(Cir no.301/09, 432/2010)

- Manager in charge of Small Branch – Rs.20 lakhs, All others(above small branch ie Branch/Administration : Rs.100 lakhs.
- Loans to third parties against NRE/FCNR deposits: Scale IV and above authorities are having powers.
- Normal margin on NRE/FCNR deposits: 25%. Scale IV & above can reduce margin to 10%.
- **NBFCs - Stock & Share Brokers (Cir 432/2010) :** GM(CO)- 2 Cr(FB&NFB), GM(HO)- 7.50 Cr(FB) & 7.50(NFB) ED - 22.50 Cr // C&MD - 30.00 Cr

Adhoc Overlimit

(Cir: 233/2009)

- To meet exigencies of borrowers, the authorities may be required to permit credit facilities for very short duration viz., Adhoc Overlimit.
- Period not more than 10 days in a row or upto 15 days for broken period in a month within the maximum delegated powers for adhoc credit facility.
- Adhoc overlimit facilities over the sanctioned limits to existing borrowers upto 10% of the sanctioned limit provided the total of such adhoc over limit is restricted to:

CM/ DM	Rs.25 lacs	GM	Rs.150 lacs
AGM :	Rs.75 lacs	ED	Rs.500 lacs
DGM	Rs.100 lacs	C&MD	Rs.1000 lacs

Other conditions for Adhoc over limit:

- Maximum period permissible : 10 days in a row or upto 15 days for broken period in a month
- Security: The facility should be adequately secured
- Asset status: Standard and not rated High risk
- Regular limit: To be in force and no overdues
- The adhoc overlimit as above shall be within the permissible limit delegated for adhoc credit facility as per Cir. 236/2008.
- Reporting & Periodicity: The reporting formats on adhoc overlimits as advised in Annexures to this circular shall be submitted on fortnightly basis i.e. as on 15th and last day of the month.

Rate of interest: General:

- **BASE RATE** : Recommended by Shri Deepak Mohanty Working Group
- **Present Base Rate is 10 % (cir 132/2011)**
- Exempted categories for pricing with reference to Base Rate: (a) DRI advances (b) Loans to bank's own employees (c) Loans to bank's depositors against their own deposits
- **Base Rate = Cost of Deposit + Negative Carry on SLR/CRR* + Unallocatable Overhead Cost* + Average Return on Net Worth*** (*Formula has been suggested by RBI for calculating each of these elements of BR)
- **Negative carry on CRR and SLR** balances arises because the return on CRR balances is nil, while the return on SLR balances (proxied using the 364-day Treasury Bill rate) is lower than the cost of deposits.
- **Unallocatable Overhead Cost** is calculated by taking the ratio (expressed as a percentage) of unallocated overhead cost and deployable deposit.
- **Average Return on Net Worth** is computed as the product of net profit to net worth ratio and net worth to total liabilities ratio expressed as a percentage
- Base Rate applicable for all new loans and renewals wef 01-07-2010
- For existing accounts, BPLR applicable till maturity. If party opts for Base Rate, bank to switch over to base rate without any extra charges.

- Banks should review the Base Rate at least once in a quarter with the approval of the Board or the ALCOs.
- Banks to provide information on the actual minimum and maximum lending rates to the RBI on a quarterly basis
- ROI on exposures above Rs.2.00 crore are to be based on credit risk rating (internal / external).
- For the exposures above Rs. 2 lakhs upto Rs 2 crores to be based on the scoring norms excepting retail loans

Maximum Lending Rates

- * Working Capital limits/ Short Term Loans - 7.00% over Base Rate i.e.17.00% at present
- * Term Loans Upto 5 years 7.00% over Base Rate
- * Term Loans 5 to 10 years 7.50% over Base Rate
- * Term Loans >10 years 7.75% over Base Rate
- * ECNOS 6.00% over Base Rate i.e.16.00% at present
- * Clean OD/ DPN -Max. Rate 7.00% over Base Rate i.e.17.00% at present

Delegation of powers for extending reduction in interest rates (cir 257/2010):

- GM (HO) For all borrowal accounts upto GM (HO) powers :1%(ultimately not below base rate)
- ED : Upto Base Rate + 1.50%
- C&MD : Upto Base Rate
- **ROI for Unsecured advances** : Rs.1.00 crore and above, **additional rate of 1%** may be charged over and above the applicable rate even if it exceeds the maximum rate

Revision in rates of interest on loans and advances w.e.f. 05.05.2011 (Cir 131/2011) for loans sanctioned prior to 01-07-2010.

- BPLR shall be 14.25% p.a. Maximum Spread Of 3.5% Over Benchmark PLR For Pricing Our Loan Products Continues To Apply
- Rate of interest as applicable to clean loans to individuals i.e. 17.75% should be charged.

Interest on Refinance From IDBI, SIDBI: (cir 70/2009)

- In respect of refinance availed by the Bank from IDBI, interest is paid every six months on 31st May and 30th November every year.
- For refinance availed from SIDBI, interest is being paid on a quarterly basis on 1st March, 1st June, 1st September and 1st December every year

CIBIL & CIR

(Cir 83/2010, 234/2009)

- CIBIL has categorized the credit information under two groups:
 - (a) Consumer Accounts-Borrowal accounts in the name of Individuals
 - (b) Commercial Accounts- Borrowal accounts of other than Individual
- The data on suit filed accounts in respect willful defaulters of Rs.25 lakh and above and other borrowal accounts of Rs.1 Crore and above, are available in the CIBIL website which can be accessed freely

- In case of Commercial accounts, obtention of CIR shall be mandatory
- In case of Consumer accounts, obtention of CIR shall be mandatory as under: (A) Priority Sector: All borrowal accounts with credit limits of Rs.2 lacs and above (B) Other borrowal Account (Non-priority): Rs.1 lac and above.
- Following accounts are exempted from drawing CIR: (a) All Individual accounts of below Rs.1 lakh under Non Priority Advances (b) All Individual accounts of below Rs. 2 lakh under Priority Sector Advances. (c) All Borrowal accounts where in salary of the borrower is credited to the account with lending branch. (d) Canara pension (e) Educational Loans (f) Loans against our OwnDeposits/ approved securities (g) Gold Loans (h) Staff Loans
- The charges payable to CIBIL for drawing Credit Information Report (CIR) are as under: Commercial Segment : Rs. 500/- per report + Service Tax (cir 53/2010) To be credited to Commission – Miscellaneous (NOT in GC)
- The charges payable Consumer Segment ;Rs.11 to Rs.33 basing on no.of reports generated by bank as whole. Recently these rates are reduced by CIBIL.
- **Access to own credit report:** Branches have to provide the credit report obtained from CIBIL, to borrowers, who requests for the same. Fee of Rs.50/- to be collected from customer for this.

MSME ADVANCES & SCHEMES

Targets for Lending To SME Sector

- 20% year over year growth in SME outstanding ie SME finance to be doubled in 5 years (2007-2012).
- Banks to achieve 10% growth every year, In Number of accounts under MSME
- Every Rural and Semi Urban branch to finance at least 5 MSME units every year.

Time Norms For Disposal of SME Proposals

- Loans upto Rs 25,000 within 2 weeks from the date of receipt.
- Loans upto Rs 5.00 lakhs within 4 weeks from the date of receipt.
- Loans over Rs 5.00 lakhs upto Rs.25 lakhs with in 6 weeks from the date of receipt
- Loans above Rs.25lakhs, within a maximum period of 8 weeks from the date of receipt.
- Provided such applications are complete in all respects. Branches to issue Token of Service on receipt of application

Security Norms

- No collateral security and/or third party guarantee to be taken in respect of loans / advances to MSME units as under (including KVIC and Government sponsored): (a) Up to Rs.10 lakhs(Cir 213/2010) as per recommendations working group headed by Shri V K Sharma, ED, RBI);
- (b) Up to Rs.25 lakhs in respect of units whose track record and financial position are good as per Bank records.
- (c) Up to Rs 100 lakhs in respect of Micro & Small Enterprises whose borrowal accounts are covered under CGMSE (d) Presently CGMSE cover is not available for credit facilities extended to Retail Traders, Educational Institutions, Training Institutes, Training cum incubator centres and loans/advances granted to Medium Enterprises.

- In respect of credit facilities extended to Micro & Small Enterprises (MSEs) wherever collateral security and / or third party guarantee is not obtained, coverage offered by Credit Guarantee Trust Fund for Micro & Small Enterprises (CGTMSE) is to be necessarily taken

MSME Policy (Cir 213/2010)

Achievement of 60% to Micro Enterprises in stages ie

- 50% in the year 2010-11
- 55% in the year 2011-12
- 60% in the year 2012-13
- The Annual Growth in Number of Micro Enterprises accounts to be 10%.

Filing Of Memorandum By SME Units (Cir 275/07)

- With the introduction of MSMED ACT, Filing of memorandum (Registration) is not mandatory in the case of Micro and Small units in both Manufacturing / Services Sector and also for Medium size units in Services sector.
- It is only optional or in other words, filing of memorandum is compulsory only for medium industry in manufacturing sector.

Delayed Payment To Micro And Small Enterprises

- The buyer to make payment on or before the date agreed on between him and the supplier in writing or, in case of no agreement before the appointed day. The agreement between seller and buyer shall not exceed more than 45 days.
- The buyer fails to make payment of the amount to the supplier, he shall be liable to pay **compound interest with monthly rests** to the supplier on the amount from the appointed day or, on the date agreed on, **at three times of the Bank Rate** notified by Reserve Bank.

Rejection Of Credit Proposals

- Rejection of MSME proposals is subject to concurrence of the next higher authority.

Take Over Norms For SME Advances

- Respective sanctioning authority may permit take over of Borrowal accounts from other Banks/Financial institutions upto his normal delegated powers.
- Sanctioning authority may waive Project Appraisal and Vetting in respect of take over of term loans, where implementation of project is in terms of the sanction.
- Current ratio can be 1. Debt Equity Ratio may go up to 3.
- For take over of fund based limits, concession in Rate of Interest by 0.25% over the applicable rate may be permitted for takeover of borrowal accounts from other banks /

Financial institutions. Such concession may be accorded by CM/DM and above authorities.

- NOC/Consent letter of the transferor bank/FIs need not be insisted.

Introduction Of Application Forms For Credit Facilities To Micro & Small Enterprises (MSEs) – NF 998 (Cir 337/09)

- A new simplified common Application form for credit facilities to Micro & Small Enterprises (NF 998) irrespective of the loan amount & has checklist, details of fees, time norms.
- Developed as per Recommendations of Dr K C Chakrabarthy Committee.
- This form (NF 998) replaces NF 836,837,838,903,413,414,415
- **SME Cluster Approach:** Recommended by Dr A S Ganguly Committee.
- **"UDYAMI HELPLINE"- It is Toll Free helpline for Micro, Small and Medium Enterprises,** setup by office of Development Commissioner(MSME). The "Udyami Helpline" has a single Toll-Free number i.e., 1800-180-MSME or 1800-18-6763 across the country.(Cir-72/2010 MSME).
- Loans sanctioned by banks to State Financial Corporations for on-lending to Micro and Small enterprises are not eligible for clarification as direct or indirect finance under priority sector. (BI 89/2010).
- System of clubbing of investments of two or more enterprises under the same ownership for the purpose of classification of industrial undertakings as Micro and Small Enterprises (formerly SSI) has been withdrawn by RBI(Cir 426/2010)

SME Sulabh / Hubs

- To drive the growth of MSME credit, for centralized processing and sanction of MSME credit proposals falling beyond the sanctioning powers of the branches
- Exclusive marketing team to source the proposals and effective forward linkages
- At present, there are 15 SME Sulabhs are there in our Bank.

Extending 2% Points Interest Subvention (Cir 149/2010)

- RBI has informed that the Govt. has decided to extend Interest Subvention of 2 percentage points w.e.f 01.04.2010 to 31.03.2011 on pre and post shipment rupee export credit for certain employment oriented export sectors as under: 1. Handicrafts. 2. Carpets 3. Handlooms 4. Small and Medium enterprises
- Subvention applicable for Pre Shipment upto 270 days, Post Shipment Credit upto 180 days with floor rate not below 7%.

Interest Concession To Women Entrepreneurs: (Cir 117/2010)

- Eligibility: MSME Loans sanctioned to women entrepreneurs from 01-04-2010 to 31-03-2011, upto Rs.5 lakhs. Interest @10% (Rs.50,000/- to Rs.5 lacs)
- **Cir 35/2010:** Certificate Examination in SME Finance for Bankers: Incentive to staff Rs.3000/- for passing the exam conducted by IIBF.

MSME Specific Delegation Of Powers:

- **For Branch-in-charge of specialized SME branches :** 50% additional sanctioning powers over and above the normal delegated powers for sanction of fund based/non fund based working capital credit limits for SME manufacturing activity only. This additional power is not applicable for considering TL / DPG proposals. They (TL / DPG) can be considered under normal delegated powers as furnished in the chart.
- **Standby credit for SME:** 20% of sanctioned limit or delegated powers whichever is lower. Standby export credit: 10% of sanctioned limit or 10% of delegated powers which ever is lower.

**Credit Guarantee Fund for Micro And Small Enterprises
(CGMSE)**

(Cir no.187/2007, 104/2009, 422/09, 66/2010, 103/2010)

- **Guarantee Fee / Annual Service Fee (ASF):**

Credit Facility	Upfront one Time Guarantee Fee		Annual Service Fee
	North East Region (including Sikkim)	Others	
Upto Rs.5 lakh	0.75%	1.00%	0.50%
Above Rs.5 lakh to Rs.50 lakh	0.75%	1.50%	0.75%
Above Rs. 50 lakh to Rs.100 lakh	1.50%	1.50%	0.75%

Extent of the guarantee w.e.f.02-01-2009:

Category	Maximum extent of Guarantee where credit facility is		
	Upto Rs.5 lakh	AboveRs.5 up to Rs.50 lakh	Above Rs.50 lakh upto Rs.100 lakh
Micro Enterprises	85% of the amount in default subject to a maximum of Rs.4.25 lakh	75% / Rs.37.50 lakh	Rs.37.50 lakh plus 50% of amount in default above Rs.50 lakh subject to overall ceiling of Rs.62.50 lakh
Women entrepreneurs/ Units located in North East Region (incl. Sikkim) other than credit facility upto Rs.5 lakh to micro	80% of the amount in default subject to a maximum of Rs.40 lakh		Rs.40 lakh plus 50% of amount in default above Rs.50 lakh subject to overall ceiling of Rs.65 lakh

enterprises		
All other category of borrowers	75% / Rs.37.50 lakh	Rs.37.50 lakh plus 50% of amount in default above Rs.50 lakh subject to overall ceiling of Rs.62.50 lakh

- CGMSE is the credit insurance product offered by CGTMSE which is set up jointly by Govt of India and SIDBI.
- CGMSE cover shall be available for eligible collateral free credits upto Rs. 100.00 lakhs extended by banks by way of term loan and/or working capital facility to eligible SSI borrowers including information technology and software industries.
- Credit facilities extended jointly by two or more Banks to a single Borrower or Credit facilities extended jointly by two or more Institutions to a Single Borrower either jointly or separately shall ALSO be eligible for Guarantee cover under this scheme.
- Claims to be preferred in the case of term loan after completion of lock in period of 18 months.
- Assets directly related to business, though not financed by us, if taken as additional security, can be considered as Primary Security only for CGMSE purpose and not treated as collateral security. Such loans can be covered under CGMSE if otherwise eligible for coverage.
- **Box Item Cir 12/2010:** Respective sanctioning authorities are delegated to take decision on coverage of loans above Rs 50 lakhs upto Rs 100 lakhs provided the stipulated benchmarks are complied with
- **Invocation of guarantee:** The lending institution may invoke the guarantee in respect of credit facility within a maximum period of one year from date of NPA, if NPA is after lock-in period or within one year of lock-in period, if NPA is within lock-in period.
- Where working capital alone is extended, the guarantee cover shall be for a period of 5 years or a block of 5 years thereafter we have to renew by paying 1.5% guarantee fee.

Reimbursement Of 50% Entry Fee To New Units (Cir 66/2010):

- Reimbursement of 50% of entry fee to new Micro and Small Enterprises accounts sanctioned on or after 01.02.2010 and covered under CGMSE scheme.
- Reimbursement to be done at the time of closure of the loan or on completion of 5 years, whichever is earlier by debiting to General Charges Account.
- GUARANTEE fee to be reimbursed to those accounts who meet their repayment commitment and is a Standard account at the time of reimbursement.

Annual Service Fee For 2010 Will Be Calculated As Under: (Cir 103/2010)

- A/cs sanctioned during the year 2009-10 – Prorata basis for the number of months.
- A/cs sanctioned in earlier years and outstanding as at March 31st- entire year.
- A/cs closed during the year 2009-10 – Prorata basis for the number of months the a/c was outstanding.

Open Cash Credit

- **Stock statement:** Once in a month for Industries and once in a fortnight for others. If party submits Audited Balance Sheet, stock statement once in a month. Sanctioning Authority may stipulate longer periods also. Submission within 7 days.
- **MSOD** details shall be obtained from Industrial borrowers enjoying working capital limits of **Rs.10 lac and above** apart from stock statement.
- **Tenability:** Normally one year. If fixed for longer period, annual review.
- **Obtention of Search Report (Cir.24/2008):**For corporate, yearly.
- In respect of Circle / Head office power accounts, the stock statement & NF 814(stock inspection report) should be forwarded for their review.
- **Treatment of unpaid stock :** Normally, drawing limit shall be computed by deduction entire trade creditors from stock value to determine drawing limit. As a special case, with the permission of GM(HO) and above authorities trade creditors may not be deducted from stocks, upto accepted level for arriving drawing power.
- In case of SME working capital limits upto Rs.2 crores for LR1,LR2 parties obtention of detailed stock statements and godown inspection may be prescribed at quarterly intervals.
- **Godown inspection** by officer/manager, on rotation basis. Same person may godown inspection continuously for 3 times.
- Once in a year, the godown should be inspected by the Manager/ Senior Manager in-charge of the branch.
- In the case of accounts classified under Special Watch category/ NPA accounts (non-LPD accounts), the Manager / Senior Manager in-charge of the branch or Credit Manger in CSB/ELB/VLB should conduct the godown inspection at least once in 6 months.
- **Stock Inspection by CM / AGM heading the branches (Cir: 300/2006):** At least once in a year in respect of following accounts. (a) High Risk accounts (wherever the accounts are subjected to Credit Risk Rating). (b) ASCC S3, S4 and non LPD NPA accounts (c) Accounts which are appearing in the **Special watch category** persistently.

- In case of PCBs, the DGM, heading the branch shall continue to conduct the stock inspection once in a year in respect of the borrowal accounts classified **HR, S3, S4, Special Watch & Non LPD. (Cir. 284/2008)**
- In branches other than those designated as Prime Corporate Branches (PCBs) but headed by DGM, in respect of borrowal accounts classified as **HR, S3,S4, Special Watch & Non LPD**, with aggregate exposure of Rs.10 crore and above, Head of the branch i.e. DGM shall conduct stock inspection. **(Cir. 284/2008)**
- In case of all other borrowal accounts [classified as **HR, S3,S4,Special Watch & Non LPD**], the stock inspection shall be carried out either by the Head of the branch or any other Executive in Scale-IV or V at the above branches. **(Cir. 284/2008)**
- **Audited Balance Sheet:** For **corporate:** irrespective of amount. For others: Limit above Rs.20 lacs or Turnover of Rs.60 lacs and above per annum.
- **Penal interest of 2 %** on the outstanding liability (fund based) shall be collected if the audited financial statements are not submitted before 31st October every year or **within a fortnight of adoption of accounts** of the borrower whichever is earlier unless waived by authorities not below GM (CO)/ (HO).
- **QOS / HOS Operational Guidelines :** Applicability: Parties enjoying Fund based working capital limits of Rs.5 crore and above (cir 303/2009). **penal interest of 1%** for delayed/non-submission of QOS/ HOS from borrowers, to be collected for the entire quarter.
- **Periodicity of submission:** QOS within 6 weeks from the closure of the relevant quarter (14th May / August / November / February) and HOS within 8 weeks from the closure of the half year (31st May and 30th November)

OD-SME Scheme

- **(In select Circles ie Ahmedabad, Bangalore Metro, Chandigarh, Chennai, Delhi and Mumbai Circles)**
- Entrepreneurs engaged in industrial activity and falling within the meaning of Micro, Small & Medium Enterprises, Existing parties with 2 years satisfactory dealings
- Maximum of Rs.3 Crores
- Stock inspection quarterly
- **Tenability:** Not exceeding 2 years, subject to annual review
- **Security:** Primary: 100% stocks and book debts. Collateral: Mortgage of land and building with value not less than 125% of the limit sanctioned
- Valuation of mortgaged properties at the time of sanction and every year thereafter. CO head may permit valuation once in 2 years.

Simplified Open Cash Credit (SOCC)

- **Maximum Limit:** Rs.5 lakhs only (Cir.110/2000)
- Facility is permitted as a Running Limit subject to review /renewal every year.
- Simplified stock statement – Once in a month.
- Details of book debts to be submitted once in 6 months.
- Detailed stock statement – Once in 6 months for industries & Once in a year for retail traders.
- Inspection : Monthly. (110/2000)

Laghu Udhyaami Credit Card (LUCC)

(Cir 46/2002, 144/2004, 104/2006)

- To provide hassle free Working Capital to Artisans, Retail traders, P&SE & SMEs.
- **Eligibility:** Existing parties enjoying aggregate loan and / or operative limits of Rs.2 lacs and having satisfactory dealings for 3 years.
- Parties with continuous satisfactory dealings for a minimum of 3 years but not having any liability are also eligible
- **Maximum quantum :** Rs.10 lacs per borrower (aggregate)
- **Card validity:** 3 years with annual review.
- **Margin:** NIL upto Rs. 25000/= ; **Above Rs. 25000/= 25% (SME Handbook)**
- Insurance up to Rs. 50000 waived.
- Cheque book marked LUCC.
- Laminated LUCC cards will be issued
- No need to submit monthly stock statements upto Rs.2 lakhs. Above Rs.2 lakhs, simplified monthly stock statements and detailed stock statements annually.
- **Stock inspection** – Quarterly.
- **Processing Charges: Rs.100/- per lac.**
- **No collateral security upto Rs.10 lacs for SME loans as per Cir213/2010.**

Artisan Credit Card Scheme: (ACC)

(Cir NO.132/2003, 223/2006)

- Existing artisans in rural and urban areas enjoying credit facilities and having satisfactory dealings
- Type of facility: Either as W/C or as T/L.
- Quantum of Loan: Upto Rs 2.00 lakhs (aggregate amount)
- Assessment as per turnover method.
- Margin: For limits upto Rs 25,000 : NIL // For limits above Rs 25,000 : 15 to 25%
- Tenability / Validity of ACC - W/C -- Valid for 3 yrs; T/L -- 3 to 5 yrs.
- Security: Assets created out of finance; no collateral security.
- Card free of cost with photograph.
- Insurance upto Rs. 50000 waived.
- Cheque book marked ACC.
- Monthly stock statement Waived
- Quarterly Inspection.
- **Cir. 274/2009 :**
Reimbursement of Guarantee Fee (GF) / Annual Service Fee (ASF) by Office of DC (Handicrafts):
All Guarantee Fee(1% of limit)/Annual Service Fee(0.5% of limit per annum) will be reimbursed by DC (Handicrafts),Ministry of Textiles, from April 01, 2009, for which they already deposited amount for 4 years with CGMSE.

Loan Scheme For Reimbursement Of Investment Made In Fixed Assets By SMEs

(Cir 285/006 dt 18. 10.2006)

- Eligibility: Existing parties with good track record of 3 years. (Low Risk or S1,S2)

- Purpose: To reimburse the investment made on Fixed Assets, excluding land & building. Capital Expenses incurred towards creation/ acquisition of Fixed assets during the immediately preceding 6 months may be reimbursed .
- Nature of Facility: Term Loan
- Quantum of Loan: Upto Rs 50.00 lakhs for new machinery and maximum of Rs 15 lakhs for second hand machinery which is not more than 2 years old. For arriving the value of machineries WDV or market price whichever is less is reckoned. **Margin:** 25% for new Machinery & 50% for second hand machinery.
- Repayment: 5 to 7 years. Repayment holiday upto 3 months permitted.
- **Random checking of valuation of fixed assets in respect of accounts identified by Circle Office :** Circle Office shall identify 10% of the cases (accounts) for random checking of valuation of the fixed assets created/ acquired and entrusted to the Chartered Engineer/ Panel Valuers for valuation. Bank will absorb fee paid to valuer.
- Valuation from a Chartered Engineer may be waived at the time of sanction in respect of new machinery purchased and reimbursement claimed/loan sanctioned & disbursed within 3 months from the date of purchase.

Scheme For Standby Credit For Capital Expenditure Of SME

(cir 45/03, 25/2006)

- Existing SME clients with satisfactory dealings ie S1,S2.
- Quantum of Loan: 25 % of the original value of the existing Plant & Machinery subject to maximum of Rs 25 lakhs, at the time of each renewal of Working capital Limits.
- Sanction valid till tenability of working capital
- Disbursement as and when required. Minimum disb.Rs.25,000/-.
- Margin: 15-25%
- Repayment : 3 to 5 years

Scheme For Energy Savings For SMEs

(Cir.117/2004, 165/2004, 227/2004)

- Purpose: For acquiring energy saving equipments and / or adopting energy conservation measures.
- Eligibility: Cost of energy for the unit should constitute not less than 20% of the total cost of production as per energy audit report. Project's minimum DSCR :1.5
- Quantum of Loan: Upto Rs 100.00 lakhs Margin: 10% of Project cost.
- Grant: Rs.25,000/- by IREDA for first 100 units

REMOT

New Central Sector Scheme Of Ministry Of Msme, Government Of India For Rejuvenation, Modernization And Technology Upgradation (Remot) Of The Coir Industry (cir 158/2009)

- Coir Board, Kochi is the Nodal agency for implementation
- Project cost :Spinning Unit Rs.2 lacs, Tiny/Household unit: Rs.5 lacs.
- Promoters investment : 5%
- Govt.grant/subsidy: 40% of project cost ie.Rs.80,000/- for spinning unit. Rs.2 lacs for Tiny/household unit.
- Subsidy: Upfront, lock in period 2 years. Kept in SL - Sundry Suspense

Scheme For Financing Setting Up Of Creches By Organizations (CIR. 42/2004)

- Purpose: To provide finance to NGOs/Interested organizations for setting up crèches.
- Eligibility: Trusts / Co-operatives NGOs / Women organizations with an orientation for running a crèche effectively.
- Area of Operation: All branches, excluding rural branches, are permitted to implement the Scheme.
- Assessment / Loan Quantum for one crèche: Term Loan Max.Rs.1.5 lacs, working capital for 3 months, max.Rs.50,000/-. Total Loan Max.Rs.2 lacs.
- Margin : Above Rs.25,000/- : 15-25%
- Repayment : 5 to 7 years, with 3 months repayment holiday

Co-Financing Scheme with SIDBI (CIR. 24/2004)

- Only Term Loan with minimum Rs.50 lakhs and maximum no ceiling
- Sharing: Normally equally. May vary basing on mutual consent.
- Projects involving a TL assistance exceeding Rs.100 lacs shall be jointly appraised by SIDBI and the Bank.
- Service charges 0.25% p.a. payable to the bank by SIDBI as on 31st March every year

Composite Loan Scheme (Cir 204/2003, 299/2004, 132/2010)

- Quantum : maximum Rs.100 lakhs
- Margin: Upto Rs.2 lacs: Nil. Above Rs.2 lacs: 25%
- Repayment: 3 to 10 years with repayment holiday of 12 to 18 months

Scheme For Financing Ssi Units To Acquire ISO 9000 Series Certification (Cir 242/2004)

- **Purpose :** 1)To acquire testing / calibrating equipment. 2)To meet the expenditure on account of consultancy, documentation, audit, Certification fee etc.
- **Eligibility Criteria:** Existing SSI borrowers with Standard Asset Classification in respect of accounts upto CM / DM powers and S 1 or S 2 Asset classification in respect of accounts falling under AGM powers and above
- SSI unit should have been in operation for a period of at least 2 years
- Units should have earned profit during the preceding 2 financial years.

- **Project Cost** -Not exceeding Rs. 4 lakhs.
- **Quantum Of Finance** - Maximum Rs 3.00 lakhs
- **D E Ratio**: Not more than 2:1

Technology Upgradation Fund Schemes

Our Bank has been appointed as "Nodal Agency" for implementation of the following Technology Upgradation Fund Schemes.

- Technology Upgradation Fund Scheme (**TUFS**) of Ministry of Textiles.
- Credit Linked Capital Subsidy Scheme (**CLCSS**) for Technology upgradation of SME's of Ministry of Micro Small Medium Entrepreneurs.(**MOMSME**)
- Plan Scheme of Technology Upgradation of Food Processing Industries of Ministry of Food Processing Industries. (**MOFPI**),
- Scheme for extending assistance to Sugar Undertakings 2007 of Ministry of consumer Affairs, Food & public distribution (**SEFASU**)

CLCS@20%-TUFS and CLCSS

Extension of scheme guidelines Cir: 73/08

- Both schemes extended from 1.4.2008 till 31.3.2012.
- CLCS@20%-TUFS scheme **renamed as MMS@20%-TUFS**.
- Margin money 20% of the cost of specified machinery, maximum Rs.20 lakhs.
- Minimum promoter's contribution of 15%.

Technology Upgradation Fund Scheme For Small Scale Textile And Jute Industries (CLCS-TUFS) - Revised Guidelines

(Cir 96/08)

- Scheme extended from 1.4.2008 to 31.3.2012.
- CLCS-TUFS scheme renamed as **MMS@15%-TUFS**.
- Margin money @ 15% of the cost of specified machinery, maximum Rs.15 lakhs.
- Minimum promoter's contribution of 15%.

MMS@20% and MMS@15%

(Cir: 108/08)

- Units exceeding capital ceiling of Rs.200 lakhs would not be eligible for assistance under the schemes. Such units are to be advised to avail of 5% interest reimbursement under TUFS.(Cir 88/2008)
- **Cir 234/2010: New Proposals Under TUFS Scheme Not To Entertain Till Further Instructions.**

Swarojgar Credit Card (SCC)

cir 290/03, 15/04

- Maximum quantum : Rs.25,000/- Can be given upto Rs.30,000/-
- Validity : 5 years
- Can be issued to SHGs

Special Package To Provide Relief To Micro, Small And Medium Enterprises Sector

(cir 351/08, 353/2010)

- Need based Adhoc Working Capital Demand Loan (Adhoc WCDL) upto 20% of the existing fund based limits in respect of Micro, Small & Medium Enterprises having overall fund based credit facility upto Rs.10 crores.
- Reduction in margin on advances against book debts by 10%
- Book debts outstanding up to 180 days may be considered for financing.
- Term loan for gensets: Needbased with 10% margin, 3-5 years repayment.
- The proposals received to be dealt with and disposed off within a maximum period of 15 days from the date of receipt at the branch.
- Benefits of Special Package same may be extended on a case to case basis strictly on merits rather than as a package wef from 11th Oct 2010.
- The initiative of setting up MSME Care Centre to be continued as this would help in quick redressal of grievances of MSMEs.

Gold Card Scheme For Exporters

(24/05, 69/05, 315/2009, 288/2010, 322/2010)

- Validity is for 2 years
- Not extended to those who are in RBI caution list or in the SAL of ECGC and those who are incurring losses for past 3 years
- Standby credit of 20% of the assessed limit will also be made available.
- Rate of Interest: 10.50% upto 270 days. Beyond 270 days: ECNOS (cir 132/2011))
- The requirement of overdue export bills not exceeding 10% of the previous year's export turnover has been dispensed with for one year i.e. from April 1, 2009 to March 31, 2010. (Cir.315/2009)
- A standby limit of 20% of the assessed limit may be additionally made available to facilitate urgent credit needs for executing sudden orders.
- Standby facility can be made available by branches for a maximum of 2 times only in a year for period not exceeding 60/90 days at a time. Cir.432/2010

Financing of Joint Liability Groups Micro financing for Handloom Weavers Groups and Agarbathi Manufacturers Groups

(Cir no.199/2007) :

- Loans to Individuals and also to groups
- Group size : 5 to 10 members

- Atleast 1 year experience in the activity
- Savings in the groups are voluntary. Primarily groups are credit groups
- Quantum of Loan: Maximum Rs.50,000/- per head with maximum Rs.2 lakhs for group of 5 members and Rs.5 lakhs for 10 members.
- Consumption component with in loan not exceeding 15% of loan amount
- Margin : 10% of the project cost
- Rate of Interest : Upto Rs.50000/-10.50%, Beyond Rs.50000/- upto Rs.2 lakh-12.50%.
Loans above Rs.2 lacs: graded rate of interest (cir 132/2011)
- Model A : Financing Individuals of Group . Consent of family members to be obtained and all members of the group to execute joint agreement.
- Model B : Financing to Group as one borrowing unit.
- Repayment : maximum period of 35 months

Lending To Micro Credit Groups (MCG)

(Cir 178/09)

- Credit to Micro Credit Groups of persons belonging to economically disadvantaged sections of the society
- The loans can be sanctioned for smaller groups with 3-5 members in Urban areas and 5-10 members in Rural and Semi urban areas
- The finance can be granted for starting/improving/expanding any type of income generating activity.
- Finance can also be given for agriculture and allied activity
- to enable the group members to improve their earning and living standard.
- Limit permitted per member is Rs.50000/- and a maximum of Rs.500000/- per group
- Along with loan for income generating activity, loans could be given to the group up to a maximum of Rs. 25000/ per member, for debt swap also, within the overall limit of Rs.50000/- per member
- No Margin need to be brought in by the members in a group
- The Rate of interest shall be on par with the SHG lending
- The maximum repayment period that can be generally permitted is 48 months. The terms of repayment can be extended up to 60 months depending upon the income generation.

Integrated development of leather sector scheme (IDLS scheme) :

(Cir 199/2006, 190/2009)

- Investment grant @30% for SE and @20% for Non SE subject to a maximum of Rs. 50 lakhs, and @20% above Rs. 50 lakhs (for both SE and non SE units) on the cost of plant & machinery, is available under the scheme from GOI.
- The disbursement above Rs. 25 lakhs would be released in four equal annual installments.
- SIDBI would be the Nodal agency for release of assistance, monitoring and interface and co-ordination with Banks, FIs and the Government.
- **Implementing agency** : Central Leather Research Institute (CLRI), Chennai for Tanneries & Footwear Design & Development Institute (FDDI), Noida for footwear, footwear components, leather goods and garments and saddlery.
- Overall assistance limit : Rs.2 crores

Other Miscellaneous Matters Regarding General Advances

- **Loans/ Advances Against Domestic Term Deposits Of The Bank - Margin (Cir 385/09):** Domestic Deposits: Branch in charge can permit loan with 10% margin
- NRE/FCNR Deposits: Margin 25% for authorities upto Scale III. Scale IV and above can permit margin of 10%.
- **Monthly Reporting of Non Fund Business Cir. 371/2009 :** submitted through PRR 44 on a monthly basis.
- **Consortium/multiple banking arrangement – adopting a time Frame for issuance of NOC/Paripassu letters (Cir. No. : 6/2010):** Under Consortium arrangement, a financing bank should issue **paripassu** letters to the members of the consortium or a new member added to the consortium, after the appraisal has taken place, **within 30 days** of receipt of request for the same. The consortium leader or any member bank would clear request for **NOC within 21 days**
- As regards ceding of first/second charge on **paripassu** basis on fixed assets, a time period of **45-60 days** for issue of NOC/**paripassu** letters.

Periodicity for obtention of search report

Cir 24/08

- * Applicable only to Corporate Borrowal Accounts
- * Search reports to be obtained yearly and to coincide with annual review/renewal process. In case of Term loans/short term loans also the search report to be obtained at the time of initial processing and every year thereof.

Inspection Of Stock By CM/ AGM/ DGM Heading The Branches Modifications (Cir no.284/2008)

- In case of VLB,ELB,CSB: Mgr/SM of Advances dept: stock inspection once in a year for regular accounts and once in 6 months Spl.Watch and Non LPD NPA a/cs.
- CM/AGM/DGM: Once in a year – High Risk accounts, S3, S4 and Non LPD a/cs, persistently Spl.Watch accounts
- DGMs heading branches: Once in a year – Rs.10 crores and above.

Project Finance: Guidelines on Promoters contributions (Cir.30/2008)

- Acceptable Debt equity ratio (DER) for infrastructure projects is in the rate of 2:1 to 4:1 and in case of other than infrastructure the acceptable DER is 2:1.
- Procedure to be followed to ensure that the requisite project margin is brought in by the promoter and the DER is maintained at all times and equity funding should be avoided.
- Monitoring the physical and financial progress of projects by the Project Finance Department upto Commercial Operations Date (COD).
- **Project Implementation Progress Report (PIPR)** where the credit facility relating to acquisition of **capital assets is Rs.50 lacs and above** shall be obtained on a **quarterly** basis.
- The PIPR during the implementation period duly certified by Chartered Accountant/Chartered Engineer shall be obtained and reviewed.

Valuation Of Securities By Outside Valuers

(Cir 81/07, 82/08, 148/2009)

- **Fixed Assets Valuation Fee - Revision w.e.f 05.05.2010 (Cir.158/2010):** Fee payable for valuing all the fixed assets including Plant & Machinery and Land & Building : Minimum: Rs.1500/-, Maximum Rs.25,000/- (For LPD accounts, 50% of this, for vacant land: 25% of this payable.)
- Land and Building: The maximum ceiling for valuation of fee payable per assignment is Rs 25000/-. The fee shall be inclusive of all charges but excluding out of pocket expenses and Service tax.
- Where the value of the property is more than Rs.50 crores, report from 2 approved valuers (one preferably from a different place) has to be obtained.
- Payment is to be made directly to valuer by debit of a/c. In future, a valuer has to be qualified under Sec 34 of Wealth Tax 1957
- No valuer in our panel can be entrusted with valuation assignments relating to a particular branch continuously for more than 5 years
- Empanelled valuers should be grouped by the Circle Offices into two categories viz., 'A' & 'B', based on the capacity, standing and experience of the valuers for the purpose of allotting work.
- Borrowers with exposure not less than Rs.10 crore and above and complex assignment irrespective of the amount of exposure are to be entrusted to valuers in panel 'A'.
- Other cases may be entrusted to valuers in panel 'B'
- The maximum number of valuation work in respect of current assets that can normally be entrusted to a panel valuer in a year is three.
- The valuation of securities of each borrower should normally be entrusted to a specific valuer 3 times consecutively to ensure continuity
- The valuation of Fixed Assets shall be entrusted to different valuers each time the valuation is undertaken. At any cost, a valuer shall not be entrusted with valuation of assets of one borrower consecutively
- Current Assets Valuation (Stock Audit) Low Risk: Rs.5 cr. and above. Normal Risk and Moderate Risk, High Risk and unrated accounts : Rs.1cr and above. Once in a year.
- Valuation of Fixed Assets: Periodicity of Valuation: Once in three years. Low Risk: Need not be done. Normal Risk: Rs.2 cr and above. Moderate Risk: Rs.1 cr and above.
- All NPA accounts fully secured should have a valuation not more than 3 years old.

Cir 293/07 - ESOP Scheme To NRI Employees: Quantum & Margin- 90% of purchase price subject to a maximum of 10 months gross salary with a maximum of Rs. 20 lakhs including earlier loans against shares, if any. Margin at 10%

Loans Against RBIs Savings Bonds: Can be granted to bond holders only.

Short Term Corporate Loan Scheme (STCL)

(cir 203/2009)

- Existing schemes viz., Corporate Loan Scheme, Line of Credit and Short Term Lending Rate (STLR) are amalgamated into one and the new scheme viz., "Short Term Corporate Loan" scheme is introduced.

- For meeting WC requirement where full tie-up of WC is pending and increased operations are envisaged
- For meeting project expansion / project related expenses pending full tie-up of Term loan / Creation of security / disbursement etc
- Short term cash flow mismatches
- Existing customers of the Bank having credit exposure (FB/NFB) of not less than Rs 25.00 crores + PSUs, other Govt. organizations, listed companies, other corporate, having Satisfactory track record, classified as Standard Asset with all the banks,
- Debt programme is rated as AAA / AA/ A or equivalent by External Credit Rating Agencies as per Basel II norms and/or rated Low Risk / Normal Risk by the Bank.
- The loan will be in the form of Short Term Loan
- The respective sanctioning authority not below the rank of the ED shall extend the facility outside consortium in deserving cases
- Minimum amount of loan shall be Rs 5.00 crores
- On single transaction basis
- The loan will normally be repayable within a period of 6/12 months. (35 months by ED & Above as per cir 159/2010).
- All such exposures with a contractual maturity of one year or less, ECAI rating for short term exposures (P₁+, P₁, P₂ or equivalent) shall be taken into account, if available in place of any long term rating. However, if repeated renewals are sought which takes the contracted period in aggregate beyond 1 year, the above modification shall not apply.
- STCLs shall be availed within a maximum period of one month from the date of sanction where the loans are granted for a period upto one year. Where the STCLs are permitted for a period of more than one year, a maximum period of 3 months can be permitted to avail the loan. (Cir 408/2010)

Issuance of Solvency Certificate

- Solvency Certificate should be issued only on behalf our customers.
- Branch in charge of Small/ Medium/ Large branch, Credit Manager/ SM/ CM of VLBs and AGM of ELB can consider/ issue Solvency Certificate.
- To the extent of declared net worth of the party up to Rs.1 lakh without insisting any financial statements.
- To the extent of accepted networth of the party on the basis of unaudited financial statements beyond Rs 1 lakh upto Rs 5 lakhs.
- To the extent of accepted networth of the party on the basis of audited financial statements beyond Rs 5 lakhs.
- Commission to be collected @ 0.10% with minimum of Rs 500 and maximum of Rs 10000 per certificate (Cir no.433/2010)

Issuance Of Capability Certificate

Capability Certificate is issued to our customers for submission to Govt Departments or to other Organisations for considering their tender application, for execution of contract or for similar other purposes.

- Certificates are insisted to assess the capability in performing the work order/ contract entrusted to them.
- Certificate is to be issued for the amount of average performance during the last 3 years. If the performance during the last 3 years shows an increasing trend, the certificate may be issued for an amount equal to last 3 years performance plus average increase during the last 3 years.
- Commission to be collected @ Rs 1 per Rs 1000 with minimum of Rs 100 and maximum of Rs 500 per certificate(Cir no.433/2010)

Inland Documentary Letters Of Credit

- **A Letter of Credit (LC)** is a written instrument issued by a Banker (Opening Bank) at the request of a buyer (Applicant) in favor of a Seller (Beneficiary) undertaking to honor drafts drawn by the seller in accordance with the terms and conditions specified in the letter of credit.
- **Clean LC:** If the Seller is not required to tender documents of title to goods for obtaining payment under the terms of the Letter of Credit, such letter of credit is termed as Clean Letter of Credit.
- **Irrevocable Letter of Credit:** With the introduction of UCP 600 w.e.f 1/7/07, now all LCs are irrevocable. The LC opening Bank irrevocably commits itself to pay the beneficiary upon presentation of specified documents, provided the terms and conditions of the letter of credit are complied with.
- **Revolving Letter of credit:** A revolving letter of credit is one which provides that the amount of drawings made under the credit will be reinstated and made available to the beneficiary again for further drawings during the currency of the credit, subject to certain conditions specified therein and there is no need to establish a fresh LC each time the credit is fully utilized by negotiation.

Letter Of Credit - Modification In Accounting Of Crystallized Devolved Liability - Revised Guidelines (cir 129/09, 299/09)

- On the due date of the bill received under LC, payment to the negotiating bank/ branch is to be made by debiting customer's (Opener's) operative account and intimation to be sent to the customer to immediately provide funds in the account if there is a shortfall.
- Interest beyond OCC/OD limit/CA debit balance: 2% above clean rate till regularization. Party to clear in 30 days.

Reversal Expired LCs/ Risk weightage on LCs :(H.O.Cir 274/2006 dated 6.10.2006)

Non Fund Based Limits constitutes contingent liability to bank attracting Capital Charge for Capital Adequacy requirements (CAR) as per Basel-II guidelines. In this regard branches are advised to adhere strictly the following:

Cir 240/07 - Liability in respect of expired LC/ balance liability in respect of partially utilized LC may be reversed after a period of 3 weeks from the date of expiry of the LC

Automatic Renewal Clause In Bank Guarantee (Cir no.233/99)

- The BG can be renewed at the request of beneficiary with or without specific request from the borrower.

- Permitted to S1 Parties only.
- CM/AGM of VLB/ELB can permit issuance of guarantees containing automatic renewal clause within the sanctioned limit permitted by the competent authority.
- Usual protective clause to be incorporated in the Guarantee.

Monitoring Progress Of Performance Guarantees And Other Guarantees (Cir no.13/2000)

- Applicable for Performance / Advance Payment guarantees of Rs.5 lakhs and above and period more than 6 months.
- Monitoring on an ongoing basis, at half yearly intervals

Issue of Bank Guarantee – Joint signature (Cir375/2009):

- Guarantees for less than Rs.50,000 have to be signed by Senior Manager/ Manager.
- Guarantees of Rs.50,000 and above have to be signed jointly by an Officer who is an authorised signatory and Senior Manager/Manager.

Monthly Reporting of Non Fund Business Cir. 371/2009 : PRR 44

Loan scheme to assist NRI employees of Indian companies to buy the shares under employees' stock option(ESOP)scheme

(Cir no.293/2007)

- NRI must have demat account
- Quantum of loan: 90% of purchase price of shares with max.10 months gross salary with ceiling of Rs.20 lakhs per person including other loans if any on shares
- Repayment: With in 35 months
- Processing charges: 0.20% of loan with min.Rs.200/-
- Documentation charges: Actual charges @ 0.1% with minimum Rs.500/-

Debt Swapping scheme for Urban Poor

(cir 147/08) Old cir no.152/06

- Scheme of Debt swapping for Urban-Poor from Non-Institutional sources
- Eligible Limit: 150% of the Gross annual income subject to a Maximum Limit of Rs. 50,000/-

Commission And Other Charges On Non Priority Loans

(Cir 433/2010) applicable w.e.f.03-01-2011

- Processing charges for WC limits upto 12 months: Upto Rs.25,000/- : Rs.150/- and from Rs.25,000/- to Rs.2 lacs: 0.30% with min. Rs.250/-,maximum Rs.600/- and loans above Rs.2 lacs: Rs.300/- per lakh with min.Rs.600/- maximum Rs.10 lakhs.
- For NFB limits, 50% of applicable charges with max. Rs.10 lakhs
- Maximum Processing Charges for both FB & NFB facilities put together shouldn't exceed Rs.10 lakh in a year.

- WC limits >12 months, <36 months & STCL: Upfront fee 0.50%, Maximum Rs.25 Lakh for STCL(Short Term Corporate Loan)
- Upfront fee on Term Loans: Upto Rs.25000/- Rs.100/-, Above Rs.25,000/- to Rs.2 lacs: 0.5% with min.Rs.500/- and max.Rs.2500/- and above Rs.2 lakhs: 1.75% of loan amount
- Revalidation of sanctioned Terms and Conditions : Upto Rs.1 crore : 0.50% of limit with Rs.15,000/- maximum for each revalidation and above Rs.1 crore: 0.10% of limit with min.Rs.15,000/- and maximum Rs.1,25,000/- for each revalidation.
- Modification of Sanctioned Term & Conditions- Above Rs.50 Cr – Rs.1 Lac for each modification.
- Substitution of Shares; Rs.100/- for each occasion
- Loans against Govt.Securities; 0.10% of loan amount with min.Rs.50/- and maximum Rs.250/-
- Prorata charges to be collected at the time of renewal of limits for expired period.
- Ad Hoc facility not cleared with in 15/30 days(clean/secured) processing charges of 0.10% p.a. min rs.100/- and maximum Rs.5000/-. No charges for SB TOD.
- Godown charges: Pledge : upto Rs.2 lacs:NIL above Rs.2 lacs:Rs.100/- per inspection
- Godown charges for other than pledge: Rs.5000/- to Rs.25,000/-: Rs.50/- per inspection with max.Rs.750/- per annum, Rs.25,000/- to Rs.2 lacs: Rs.100/- per inspection with max.Rs.1500/- per annum. Above Rs.2 lacs: Actual expenses with min.Rs.200/- per occasion, no maximum ceiling.
- Documentation charges: CLEAN LOAN-Above Rs.2 lacs: 0.10% with min.Rs.500/- and maximum Rs.25,000/-. SECURED LOAN-Above Rs.2 lacs: 0.15% with min.Rs.750/- and maximum Rs.30,000/-.
- EMT charges(New/additional)- Less than Rs.1 Cr-NIL, Rs.1Cr to Rs.10 Cr-Rs.20 per lakh or part thereof Maximum Rs.15000/-. Above Rs.10 Cr- Rs.20000/-.
- Cancellation of lien on LIC/Bonds: Rs.100/- per instrument+ OPE with in 1 month and above 1 month, Rs.200/- per instrument + OPE
- Photocopying charges for documents if copy of document is for submission to ant statutory authority- Rs.1000 + Actual photocopying charges
- Photocopying charges of documents if presence of Branch official is required for photocopying: Rs.2000/- + OPE + actual photocopying charges
- BG Comm: Upto Performance BG 10 lacs: Rs.200/- + 0.25% per month with min 1.50% and above 10 lacs Perf.BG: Rs.1000/-+0.25% per month, min 1.50%(For 6 month to be collected)
- BG other than Performance: upto 10 lacs: 200+0.30% per month with min 1.80% and above 10 lacs BG: Rs.1000+0.30% per month, min 1.80% to be collected.
- If Guarantee is secured by 100% cash margin or our term deposit: 200 + 25% of normal charges.
- BG favouring BSE/NSE/NCDEX on behalf of broker: 1000 + 3.5% pa
- If any amendments in BG (other than amount) Rs.200/- per amendment
- Capability Certificate: Rs.1/- per Rs.1000/- with min.Rs.100/- and max.Rs.500/- per certificate.
- Solvency Certificate: 0.10% with min.Rs.500/- max.Rs.10,000/- per cert.
- Lead Bank Fee(To be assessed on FB&NFB WC limit):Upto Rs.10Cr- 0.30% with Max Rs.3 lakh. >Rs.10Cr to Rs.50Cr- 0.25%, Min Rs.3 lakh & Max Rs.12.50 lakh. >Rs.50Cr- 0.20%, Min-Rs.12.50 lakh & no Maximum.
- Commitment Charges- 1% p.a. on the committed line of credit/unavailed/unutilized WC or ST limit and also TL for Corporate borrower having total exposure Rs.10 Cr & above.
- Letter of undertaking: 0.30% per month or part thereof.

- Letter of comfort: 0.05% of the amount with minimum of Rs.500/- and maximum of Rs.7500/-. For amount of Rs.10Cr and above Rs.10000/- flat.
- Letter of Guarantee: 0.10% of the amount with min of Rs.5000/- and max of Rs.75000/-.

RETAIL LENDING SCHEMES

Retail lending scheme - adherence to additional guidelines in sanctioning of retail loans (Cir NO.238/2008)

- Credit Information Report (CIR) from CIBIL is compulsory for Retail Lending loans – Priority Rs.2 lacs and above, NP Rs.1 lakh and above.
- CIBIL's CIR charges for commercial loans: Rs.500/-+service tax per loan.
- Whenever, branch sanctions Retail Loans exceeding 25 numbers in a month in any one Retail Scheme (Excluding loans granted under Tie-up arrangements) authorization from the Circle Head is necessary.

Retail Lending Manual - General Guidelines

- Applications:NF964 for Housing Loan, Home Improvement, Canara Rent and Canara Mortgage
- NF 965 for all other schemes excluding Traders Advance and Doctors choice
- NF 966-Rating Sheet cum Credit Report (cir 74/05 – Rationalisation of applications)
- NF967-Certificate of Compliance of Terms and conditions
- NF991 Modified Pronote for Retail Lending schemes
- NB 179 – Separate Credit cum application inward register for retail lending schemes. Now it is web based.
- Cut-off limit for forwarding copies of application / credit report to RO / CO enhanced to **Rs.5 lacs** for all branches including VLB / ELB
- NF981 & NF 982 Booklet containing total documentation for Housing Loans
- Employees of our bank are not eligible for RL schemes except HL and Canara Budget(Book Purchase).
- The spouse of our employee is eligible for RL schemes of our bank with the co-obligation or guarantee of our employee. It should be sanctioned by NHA.
- Other bank employees can be given RL loans with NOC from their employers.
- ABS need not be insisted for any of our RL schemes irrespective of loan quantum. However this is not applicable for loans given under Traders' scheme.

- If Canara mobile is sanctioned to proprietary concern or firm or company enjoying credit facility, such loans need not be referred to higher authorities. The respective SA himself can sanction the loan if it is within his overall delegated powers.
- RL loans are not subject to Mid term review.(Except Traders loans and Doctor's choice) irrespective of SA.
- Aggregation of limits is not applicable for schematic lending like HL. In other words, the ROI applicable to the particular scheme only need to be applied irrespective of other credit facilities enjoyed by the borrowers.
- Reporting in PSR 71, now web based statement. Branch sanction register NB 179 is also web based in warding of applications.
- Balancing – Calender quarterly last Friday
- Housing Loans and Educational Loans can be applied Online through our Cannaet(cir 6/08, 81/08)
- Wherever the loan proceeds are required to be disbursed by making direct payment/s to vendor/s, dealer/s etc., by way of DDs/POs with a view to ensuring the end use thereof, such **DDs/POs can be issued at par** (except for loan under Canara Rent and Canara Mortgage scheme). (**RL Manual**)
- Gnanaganga Cancarry, Canvalue, Canjewel - Discontinued(278/05, 154/06)
- Cantravel, Cantech merged with Canara Budget (cir 184/08)

Post Dated Cheques:

- Post dated cheques (PDC) can be accepted by us in respect of EMIs payable by the customer.
- Such PDCs may be accepted in lots of 10 / 12.
- All such PDCs should be filled with date, EMI amount, Payee as “Canara Bank A/c _____ (Name of the borrower) _____ loan account number”. It should be crossed account payee.
- Receipt of PDCs should be acknowledged by us. Register should be maintained for the same.
- Year wise / month wise key register should also be maintained.
- PDCs should be maintained / kept in safe custody under dual control.
- The officer in charge of credit department is responsible for prompt presentation.
- If installment is not coming, we should follow up within 2 days.
- RLMS – Retail lending Monitoring software – for account by account monitoring.

Cir 413/09: The date of the cheques may be at least 1-2 days earlier to the installment due date, to provide for clearing process, so that the date of credit to loan account will be on the due date of installments

"Field Credit Investigation" : Verifications of Credentials using External Agencies (Cir 172/09)

- Bank's Board has permitted the Bank to engage the services of External Agency, for pre-sanction verification process. Coverage:
 - Visit to residence
 - Visit to office/business
 - Neighbourhood check
 - Income related verification
 - Salary slip/ form 16 for salaried employees

- Income Tax Return/Income Tax Assessment Order.
- Continuity of employment
- Charges: Rs.50/- for each verification
- Income Tax Return/Form 16 / ITAO for 3 years in case of same ward. – Rs.125/- (Different wards Rs. 50/- per ward)

Rating Sheet For Retail Lending Schemes (Cir 112/2007, 360/2008)

- A minimum of 70 % of total marks to be secured by the prospective borrower to be eligible for loan under retail lending schemes.
- The rating sheets are applicable for all retail lending loans **other than**, Canara Pension, Canara Trade, Canara Rent, Canara Mortgage.
- Relaxation in the qualifying marks may be considered up to a ceiling of 60% only (of the total marks), **very selectively** by the next higher authority. The specific reasons for considering the relaxations should be recorded in the CR/Office Note invariably. **(Cir 360/2008).**
- A minimum of 80% of total marks to be secured by the prospective borrower to be eligible for recommending ROI concession.

Service & processing charges - Retail loans
(Cir. 13/2010, 303/2010)

No	SCHEMES	ProcessingCharges	Minimum(Rs.)	Maximum(Rs.)
1.	Housing Loan - (normal processing charges)	0.50%*	500/-*	10000.00*
2.	Home Improvement Loan	0.5%	500.00	10000.00
3.	Home Improvement Loan: Festival Rates: Same as Housing Loan			
4.	Canara Mobile 4 wheeler	0.1%	250.00	500.00
5.	Retail Festival Offer: Flat Rs.250/-			
6.	Canara Mobile 2 wheelers	0.1%	100.00	250.00
7.	Retail Festival Offer: Flat Rs.100/-			
8.	Canara Budget	0.5%	100.00	500.00
9.	Canara Rent	0.5%	NA	NA
10.	Canara Mortgage	0.5%	NA	NA
11.	Canara Trade	Working Capital – Rs.100/- per lac (Max Rs 1 lac) Term Loan – 1% of the loan amt (No Max)		
12.	Trader's Scheme	Working Capital – Rs.100/- per lac (Max Rs 1 lac) Term Loan – 1% of the loan amt (No Max)		
13.	Canara Cash	0.1%	100/-	250/-
Canara Cash				
➤ If enhancement is in between 2 renewals S/C of 0.1% with a min. of Rs.100/- and maximum of Rs.250/- to be collected on enhanced amount only.				
➤ Where the enhancement is with renewal, processing charges to be collected on the entire amount. Full processing charges to be collected.				
14.	Teachers' Loan	1%	50.00	NA
15.	Swarna Loan	1%	50.00	500.00
16.	Canara Site	As applicable to Housing Loan Scheme		
17.	Canara Guide	A lump sum of Rs.500/-		

18.	Canara Jeevan	0.25% of the loan amount maximum Rs.5000/-
19.	Canara Pension	No Processing Charges
20.	Doctors' Choice	Up to Rs. 25000/- - NIL – Above Rs. 25000/- Working Capital – 0.1% of the loan amount with a minimum of Rs. 250/- . Term Loan – 1% of the loan amount
21.	Charges for Pre closure	2% on the outstanding liability (Cir 82/2008)
22.	Charges for late payment of EMI	NIL - only penal interest collected.
23.	ESOP	0.11% of the loan amount with a minimum of Rs.120/-.
24.	ESOP – NRI employees	0.20% of the loan amount with a minimum of Rs.200/-.

Rate of Interest

Cir 132/2011:

Canara mobile	13.00
Canara rent - Navarathna	14.25
Canara Rent - Others	14.50
Canara pension	13.25
Home Improvement Loan	14.00
Where EMT of the house/flat is available in respect of loan availed as part of our housing finance OR where housing finance earlier availed by the party from our Bank is existing (without any overdues) – ROI as applicable to HL	
Swarna loan Base Rate + 3.25% (Cir 59/2011)	14.25
Canara trade	13.50
Traders' loan Upto rs.2.00 lacs	14.00
Traders' loan Above rs.2.00 lacs	15.25
Canara mortgage	15.75
Canara Jeevan	11.25
Canara budget, Teachers loan, , Canara site, Canara cash,	16.00
All other per loans	15.00
Other commercial Real Estate loans	17.00
IPO Financing	15.00
Loans to individuals against approved shares	17.00
Loans against Equity Oriented MFs	15.00
Loans under ESOP – Domestic and NRIs	15.00
Loans to assist employees to subscribe to shares of their own companies under reserve quota	15.00

Canara Guide

(Cir no.159/2007 – Priority Sector – SME)

- Loan to Tax Return Preparers(TRP) for purchase of Computer, Income Tax Books etc.
- Individuals possessing a valid certificate to practice as a TRP as per the scheme formulated by Ministry of Finance
- The TRPPs would be paid 3% of the tax collected for the first year return of a new tax payer, 2% for the second year and 1% for the third year with a minimum of Rs.250/- and maximum of Rs.1000/-. NIIT will be making the payment of fees to TRPs
- Existing tax payers TRPs will collect directly Rs.250/- per return for one assessment year
- Maximum loan upto Rs.60,000/-

- Margin 15%
- Rate of Interest : Cir 132/2011.
- Repayment : 60 months in Step up EMIs for first 6 months, and 3 months repayment holiday
- Processing Charges: Rs.500/- flat irrespective of loan amount.
- Objective of TRP – To reduce cost of compliance for small and marginal tax payers and to provide self-employment opportunities to unemployed graduates
- Authorization letter to receive the incentives directly from NIIT to be obtained and lodged

Canara mobile: (Cir 318/2009, 391/2009, 40/2011)

- Income Criteria: Salaried Class: Rs.1.50 lac p.a.(for Four Wheelers) and Rs.0.75 lacs(for 2 wheelers) with net take home salary after instalment:40% (30% by next higher authority). Non salaried class: Annual income Rs.1.50 lacs evidenced by ITR/ITAO for 4 wheelers, 0.75 lacs for 2 wheelers.
- Spouse income + Conveyance can be added to salary subject to production of documentary evidence.
- Quantum: For new vehicles, 4 wheelers: **90%** of the total value inclusive of invoice value, life tax, registrations charges, insurance premium and other accessories. For Two Wheelers: **70%** of the total value inclusive of invoice value, life tax, registrations charges, insurance premium and other accessories.
- Old Vehicles: 75% of assessed value/original purchase price
- Old vehicles not more than 5 years old
- Vehicles which are not older than 1 month from the date of their purchase / first registration can be treated as new vehicles for the purpose of financing. Our borrower should be first transferee.
- For financing **old vehicles**, along with application form, borrower has to submit “**B**” **Register extraction (Original)** from RTO office, which indicates particulars of the vehicle. This has to be compared with RC book. This B Register requirement is applicable for financing all Used Vehicles including LHV, Staff LHV and Canara mobile (Cir 272/2009)
- Mandatorily obtain “B” Register extract wherever Smart Cards are issued in lieu of C Books and smart cards do not contain hypothecation details incorporated on it. (cir 392/2009)
- Rate of Interest: **13.00% (cir 132/2011)**
- Old vehicles maximum loan amount – Rs.6 lakhs
- Repayment: 72 Equated Monthly Instalment – 4 wheelers and 48 EMIs for 2 wheelers
- DM /AGM of VLB/ELB/RO/.CO can permit enhanced repayment period of 7 years for 4 wheelers and 5 years for 2 wheelers on selective basis. Cir 210/04
- **OTHER CONDITION:** Salary tie up is to be ensured for loans to salaried class. However, wherever the tie up is not feasible, proposals for exemption of salary tie up on a case to case basis may be taken up with HO.(cir 318/09)
- **Incorporation of additional clause in NF928- Canara Mobile Agreement consequent to change in Rate of Interest (Cir 269/09)**

- **Cir 40/2011:** Where the salary of the borrower is less than Rs.4.80 lacs p.a., Circle head is permitted to allow acceptance of post dated cheques in lieu of salary tie up if the net take home salary is 40% or more after deduction of proposed EMI. If the NTH is below 40% after deduction of proposed EMI, General Manager, Retail Banking Wing, Head Office is empowered to permit.
- Sanctioning loan for more than 2 vehicles to Individuals during currency of the existing loans to be permitted by ED.
- Sanctioning loan for more than 2 vehicles to Corporates under Line of Credit to be permitted by ED.
- **Cir 392/09:** Branches to mandatorily obtain “B” Register extract wherever Smart Cards do not contain hypothecation details incorporated on it. If smart card contains our hypothecation details, no need to obtain B Register extract.

Canara Budget: (184/2008, 40/2011)

By Merging Canbudget, Cantravel And Cantech Schemes Into A Single Loan Scheme

Purpose: To meet any personal needs of the proposed borrower.

ELIGIBILITY: All confirmed employees of Central/state government / Reputed PSUs/Joint Stock Companies / Reputed Corporate / Public Limited Companies/Private Institutions. / Lecturers/Asst. Professors/Professors of Colleges/ Research Institutes and Universities / IT/BT Companies

Other conditions:

1. Minimum average net take home salary for the **last three months**, of the borrower after meeting the EMI should not be less than 40 %.
2. The applicant should maintain his/her salary account with the branch.

OR

The applicant has to execute a salary mandate for recovery of installments from his salary by his/her employer for remittance of the same to us, which should be got registered with the employer.

3. NTH after meeting the proposed EMI should not be less than **Rs.7500**, wherever salary account is maintained with us. Wherever salary account is not maintained with us and Salary mandates/PDCs are obtained, the minimum NTH after meeting the proposed EMI shall not be less than **Rs.10000**.
4. Wherever salary accounts are available an undertaking letter from the employer should be obtained undertaking not to shift the salary account of the employee to other bank/s without obtaining prior clearance from the advancing branch.
5. In exceptional cases **PDCs may be obtained** subject to verification of **pass sheet** of the account of the applicant with other bank **for the past six months**.
6. In case of applicants who are maintaining their salary account with other banks and new customers, bank account **pass sheet for the past six months** should be obtained and verified to ascertain the financial background, loans availed if any from other banks etc.
7. Normally, the borrower should not have availed any other clean credit facility from other banks. However, the applicant may be granted loan under this scheme even if there are

other clean loans outstanding, provided, the total of all clean loans outstanding at any point of time does not exceed the total eligible quantum under this scheme.

SANCTIONING AUTHORITY & QUANTUM OF LOAN:

Branch In charge – Small, Medium & large branches)	6 months gross salary subject to maximum of Rs.1.00 lac.
DM/AGM heading RO and CM/AGM of VLB/ELB.	10 months' gross salary subject to a maximum of Rs.2.00 lacs
DGM, Circle (Including Circles/branches headed by DGM).	10 months' gross salary subject to a maximum of Rs.3.00 lacs.
GM, Circle	10 months gross salary subject to a maximum of Rs.5.00 lacs.
GM, Retail Banking Wing, Head Office.	For Loan beyond Rs.5.00 lacs to be permitted under Special packages.
Sanction of Special packages with higher quantum/ various relaxations/ concessions	
On All India Basis	C &MD or ED in the absence of C&MD.
For a particular Circle, without any RoI concession.	General Manager, Retail Banking Wing, Head Office
For RoI concession only.	As per delegated powers.

Note: Gross salary as per Salary certificate of the previous month.

- RATE OF INTEREST: 16.00% (cir 132/2011)
- NATURE OF LOAN: **Non-priority clean loan.**
- SECURITY: Suitable Coobligation good for the loan amount and acceptable to the bank should be obtained irrespective of quantum of loan.
- REPAYMENT: Repayable in 48 equated monthly instalments. Selectively, 60 months can be permitted by next higher sanctioning authority.
- PROCESSING CHARGES: **0.50 % of the loan amount with a minimum of Rs.100/- and maximum of Rs.500/-**
- DOCUMENTATION: NF 965 // 990 // 991 // An undertaking that he/she has not availed any other credit facility from our bank/other Bank. // Coobligant also should join the borrower for executing the loan papers wherever coobligation is stipulated.
- Miscellaneous: KYC norms to be complied with and SB account of the borrower should be got opened without fail even in cases where salary account is not available. (Ref HO Cir.No. 282/2006 dated 12.10.2006).
- Loans to employees for purchase of books under Canbudget scheme upto a maximum limit of Rs.5000.00 advised vide HO Circular No. 346/2006 dated 19.12.2006 shall continue.

Canara Budget Loan Scheme - Non Salaried Class

(Cir no.316/2008)

- Satisfactory dealings for 3 years

- Gross Annual income not less than Rs5 lakhs during previous 3 years
- Annual EMI commitments including present instalment should not be more than 50% of Annual income
- Sanction: Small/Medium/Large Branch-50% of average gross annual income for 3 years with max.Rs.1 lakh
- DM/AGM:Rs.2 lakhs, DGM:Rs.3 lakhs, GM:Rs.5 lakhs
- Suitable co-obligation to be obtained. Repayment 36m.
- Processing charges:0.50% min.Rs.100/- maxRs.500/-

Canara Mortgage

- Quantum: 50% of value of property (land & building) – No loan against vacant land.
- No Rating sheet is required.
- Purpose: for meeting genuine needs. Not for speculative purpose
- No branch sanction - Circle head – Rs.30 lakhs, GM(HO): 50 lacs, ED Rs.75 lacs, CMD Rs.100 lacs, MC beyond Rs.100 lacs
- Repayment: 60 months in EMI (Beyond 5 to 6 years – Circle head and beyond 6 to 7 years C & MD and ED in the absence of CMD).
- ROI: 15.75% (cir 132/2011)
- Additional documentation to eliminate financing against unauthorized constructions cir 333/06- Copy of the sanctioned plan to be obtained, affidavit cum undertaking declaring that the house has been constructed as per plan and submit completion certificate
- Canara rent & canara mortgage are classified under commercial real estate and fall under non thrust areas.

Canara Rent

- On lease to PSUs/Reputed Corporates etc
- To meet business needs, genuine personal needs and not be any speculative purposes
- Maximum 75% of gross rentals receivables less TDS and Advance Cir 210/04
- ED & CMD can permit 85% of the gross rental receivables less TDS and advance rent
- Security: EMT of atleast 100% value of property. Exceptional case – EMT can be waived for loans upto Rs.2 lacs
- Security of alternate property can be obtained having a value not less than 150% of the loan amount
- Repayment: 5 years. Selectively 7 years may be permitted by respective sanctioning authority.
- ROI: 14.25% (navarathna companies) 14.50% for others. (cir 132/2011)
- Additional documentation to eliminate financing against unauthorized constructions cir 333/06
- Security of Mortgage of tenanted property: Normally discouraged. In Canara Rent, we can accept tenanted property as security (Cir 236/2010)
- Delegation of powers: CM/DM: Rs.25 lakhs, AGM: 50 lakhs,DGM :100 lacs, GM: 200 lacs.

Canara Cash

- Maximum Rs.10 lacs if scrips are in physical form. Where our DPs are there and party maintains Demat, it is Rs.20 lakhs Cir 299/06
- Canara Cash for debt oriented Mutual Funds: Rs.10 lacs only.
- Margin 50% of Market Value/Net Asset Value for shares and units of UTI/CBMP. 30% of market value in case of PSU bonds.
- Repayment: 60 months
- Processing Charges: 0.1% with min.Rs.100 and max.Rs.250/-. Rs.100/- for each occasion for substitution of shares.
- Rate of Interest : 16.00% (cir 132/2011)
- Employees not eligible. Spouse of employee may be granted loan by next higher authority
- Substitution of securities should not be permitted for more than 10 occasions.
- Second loan during pendency of first loan: Can be sanctioned by CO.
- A demat account opened in our own DP in the name of lending branch is called "**HOUSE ACCOUNT**"
- If any share which is offered as security, is not appearing in our approved list, party has to provide security of alternate shares or regularize the account with in 3 months. CO may extend another 3 months time.
- Approved list of shares includes those shares traded and quoted stock exchanges and whose market value is more than 150% of face value.
- List of approved shares should be reviewed quarterly by HO.
- **Promoters' shares pledged as collateral invoked during the Lock-in period may be transferred to the lending institution. Cir. 205/ 2010**
- Advances against units of mutual funds (except units of exclusively debt oriented mutual funds) would attract the quantum and margin requirements as are applicable to advances against shares and debentures
- The units issued by Mutual Funds relating to tax saving equity plans are not to be treated as approved securities for the purpose of considering loans / advances since they are not traded / listed in the stock exchanges.

Canara Site (280/05, 299/06)

- **Age upto 55** years eligible
- Only for sites purchase from Statutory Authorities
- Employees and NRIs are also eligible for the loan
- Employees Net Take home salary 40% after meeting proposed instalment. Can be reduced to 25% . Non salaried: Net income Rs.1 lakh supported by ITAO and 3 years experience in the line.
- Quantum: 3 years gross salary/income with maximum Rs.15 lakhs in Metros and Rs.10 lakhs in other areas. Higher quantum 25% more – can be sanctioned by next higher authority.
- Margin: 20%
- Rate of Interest: 16.00% (cir 132/2011)
- Sanctioning authority

Authority	Sanctioning Powers (Amt.)
Branch-in-charge – Small branch	Rs.2 lacs
Branch-in-charge of Medium branch	Rs.5 lacs

Branch-in-charge – Large branch	Rs.10 lacs
CM/DM/AGM – VLB/ELB/RO/CO	Rs.15 lacs

- EMT of house site
- Repayment: Maximum 5 years (cir no.299/06)
- Follow up with the registering authority for receipt of the registered original sale deed within a period of 3 months. In case of delay in submitting the registered original sale deed beyond 6 months, penal interest of 2% shall be charged on the outstanding liability till the receipt of registered original sale deed.
- An undertaking should be obtained from the borrower for construction of the house within the stipulated time (as stipulated by the development authorities while allotting the sites). Stipulated time is maximum 18 months.

Canara Pension

(299/06)

- 10 months gross pension with maximum Rs.1 lakh
- Co ob of wife or any other person from family
- Repayable in 36 EMIs
- Rate of Interest : 13.25%(cir 132/2011)
- No Rating sheet is required.

Canara ME OD

(cir no.170/07)

- Our ME or prospective ME. Should have POSEDC machine installed by our bank only
- Quantum: One week's average turnover passed on to us during immediate preceding 3 months and maximum quantum is Rs.10 lakhs
- Tenability: One year
- Sanction by GM, RBS Wing, HO
- Rate of Interest: As applicable to Clean OD. Monthly compounding
- NF 991 – Demand Promissory Note and Take Delivery letter to be taken – Cir 276/2007

Canara Solar

(Cir no.331/05,50/06,137/06, 82/07,156/2007)

- Individuals and Institutions eligible
- Salaried class net take home Rs.2000/- after instalment and Professionals Rs.50,000/- NET annual income
- Quantum: 85% of cost of Solar System
- Repayment: 3 to 5 years with 3 months repayment holiday
- Subsidy released by Ministry of New and Renewable Energy Sources (MNRE)
- NF 965 application to be used for Cansolar (Cir 99/2006)
- Accordingly Classification: Individuals / domestic use: Non Priority and to SMEs it is under SME.
- Effective Rate of Interest: Domestic Users: 2%, Institutional Users not availing accelerated depreciation:3% and Industrial / Commercial users availing depreciation: 5%

- **Interest Subsidy on upfront basis** - to be claimed quarterly
- Under the scheme, Interest Subsidy amount will be released by IREDA calculated on an upfront basis for the entire loan period
- The effective date of implementation is 18th November 2005
- All individuals - (including professionals and salaried class) who are credit worthy and have definite sources of repayment including our own employees who are confirmed in the services of the Bank.
- Institutions, Associations, Small Business establishments, Industrial establishments, Hospitals, Hotels, Hatcheries, who are creditworthy are also eligible.
- Salaried individuals including our employees should have minimum monthly net take home salary of 25% of their gross salary OR Rs. 2000/- whichever is more after meeting the loan installments under the proposed scheme.
- Professionals and other non-salaried class should have a minimum net yearly income of Rs. 50000/-.

Housing loan:

- **ELIGIBILITY:** Salaried individuals – 3 years confirmed service - Waiver by next authority from CM to upto DGM. In case of self employed persons: should be in business for minimum 3 years
- **Salary certificate of past 6 months to be verified**
- If party is not maintaining SB account with us, **pass sheet of past 6 months** to be called for /verified and kept along with loan papers.
- In the case of new accounts where salary account is stipulated as a condition, branch to ensure **credit of at least one month's salary** of the borrower to his SB account before grant of loan.
- Agriculture Income is acceptable only supported by Land Records and Income Tax return (even IT exemption is available). Other income, if any, must be verified before accepting.
- **Age** : maximum upto 55 years. If age is above 55 years and goes beyond 70 years on the ostensible date of closure of the loan - Circle head, Only if the earning member/s of the family/ close relative/ legal heir/other joint borrower's income is sufficient to meet the proposed repayment obligation. In other cases, General Manager, Retail Banking Wing, Head Office. (Cir 40/2011). Margin should be 25%.
- **Quantum:** 4 years salary/gross income. 5 years income by Higher authority. Max.Rs.50 Lacs. In case of salaried class post EMI minimum net take home salary should be 40%, however, the sanctioning authority at his discretion may consider relaxations in the net take home salary upto 25%. In case of business/self employed people the maximum loan quantum may be considered on 4 times gross annual income of the concluded financial year, during which the customer desires to avail housing loan OR 4 times of average gross annual income of all the four years, subject to production of documentary evidence regarding the gross annual income. Post EMI minimum Net income should be 40%, however, the same can be relaxed selectively by the Circle head upto 25%.(BI 86/2010)
- A higher loan amount beyond the eligible quantum subject to maximum of Rs.50 lacs may also be considered by sanctioning authority where borrower offers collateral security in form of NSC, KVP, band deposits etc subject to repaying capacity.
- Higher loan amount upto 5 years gross income subject to a maximum of Rs.1.5 crore can be permitted by GM Corporate Credit Wing HO provided the mortgaged property is 200% of the loan amount.

- Loan for repairs/renovation/expansion – 75% of the project cost – maximum of Rs.7.5 Lacs in all areas.
- **NRIs:** 2 years income. 3 years by CO head.
- Step up EMI permitted
- **Margin:** Upto Rs.20 lacs – New flat/house : 20% Old Flat/house 20%
Above 20 lakhs: New 20% and Old house 25% (cir 388/2010). For second unit :25% and borrowers above 55 years of age: 25%
- Interest concession of 1% of applicable rate in case salary / business account is maintained with us (cir 152/2007)
- Security: Mortgage of house/flat
- Repayment: Upto 25 years& Age of borrower up to 70 years (cir no.5/08) **subject to legal heirs joining as co-obligant/gurantor**
- **Commencement of repayment:** 1 month after disbursement in case of ready built house/flt, or 1 month from the date of completion of construction. However, maximum repayment holiday is 18 months from the date of first disbursement.
- Conversion charges are waived for conversion from fixed to floating ROI at the time of reset (cir 152/07)
- **Second Unit:** Margin – 25% and Interest 0.25% extra (cir 19/07) Only spouse income can be added for determining quantum after deducting outstanding liability and repayment commitments. Respective sanctioning authority can permit and guarantee/co-obligation to be obtained.
- Rationalisation of HL Documentation – NF 981, NF 982 Cir 332/06
- HL upto Rs.25 lakhs classified under Priority sector(Cir 144/2011)
- Prepayment penalty of 2% on outstanding liability wherever a/c is transferred to other bank
- In case of construction of a house, Builders All Risk Insurance should be obtained till completion of construction, followed by comprehensive insurance after completion.
- In normal cases, bank should receive documents from Sub Registrar Office within 3 months from the date of registration. Otherwise, it should be reported to CO as irregularity.
- **Unihome Care Policy** - Tie up with M/s.United India Insurance Company on or after 1.12.2003 – Property insurance with personal accident insurance – Option of the borrower –Additional loans for repairs to be covered by separate fire insurance policy. Maximum coverage amount Rs.50 lakhs.
- **ROI** : Cir 132/2011: Minimum 10.50%, maximum Base rate + 4%
- **Delegation of powers:** Small branch:Rs.2 lacs, Medium branch:5 lacs, Large branch:Rs.10 lacs, CM/DM: Rs.20 lacs, AGM :Rs.25 lacs, DGM of CO headed by GM:Rs.30 lacs, Circle Head:Rs.50 lacs.(In Metros Rs.100 lacs)
- **Delegation of Powers for CPUs:** Manager: Rs.10 lacs, SM: 20 lacs, DM/AGM: 30 lacs, Head of CPU /RAH: In Metros Rs.100 lacs, Other places: Rs.50 lacs
- **HLs to employees of PSUs etc with second/paripassu charge:** Sanction by CO head only.
- Sanction of Housing Loan extended for purchase of house / flat which is more than 20 years old may be permitted by CM / DM and upwards upto their delegated powers.
- Cir 159/2010:In case of taken over accounts, the **remaining repayment period** shall not be extended beyond the period of the existing loan period by the bank/financial institution
- In case of take over of a/cs from co-op societies, creation of EMT should be within 10 days of clearance of liability with society, by us.

- INDEX – II: In Bombay, purchaser will receive documents from sub registrar office only after 5 years, after getting confirmation from district level authorities. Till that time, Sub Registrar will give Index II form. This can be accepted for EMT
- INSPECTION OF HOUSE PROPERTY: With in one month from the date of mortgage and thereafter once in a year. Tax paid receipt to be verified once in a year. Inspection is waived, where HL installments are regular.

Guidelines Regarding Mortgage Of Lease Hold Property For HL: (RI Manual)

- Lease hold right with a minimum **unexpired period of not less than 90 years** only can be accepted.
- The lessee should have unfettered (i.e. free) right in the property leased to him including the right to mortgage the lease hold interest
- Acceptance of unexpired lease period less than 90 years. To be permitted by Circle Head – provided the lessor is Government authority and the left over lease period is beyond the repayment period stipulated. In other cases, General Manager, Retail Banking Wing, Head Office. (Cir 40/2011)

Life Insurance Cover Creditor Protection Plan of M/s Canara HSBC OBC Life Insurance Company Limited – Under Group Insurance (Cir 229/09, 259/2010)

- The life insurance cover on the housing loan borrowers is in addition to the General Insurance risk cover
- Housing Loans to staff can be covered under the scheme. Staff Rebate – 2%
- Housing Loan to NRIs are not covered under this scheme.
- Age : 18 to 69 years. Coverage ceases on attaining 70th birthday.
- No medical check up : upto Rs.25 lakhs for age group 18-35, Rs.20 lakhs for age group 36 to 40, Rs.10 lacs for age group 41 to 45.
- Premium mode: Single Premium. Premium can be included in Project cost for financing HL.
- Sum Assured: Min.Rs.1 lakh, maximum : no limit.
- Now Joint Life Coverage ie applicant & Joint borrower/co obligant can be covered under same policy (maximum 2 borrowers covered in each policy)
- **First 45 days:** Company shall not be liable to pay any benefits except an accidental death claim.

Housing Loan - Modifications (Cir 241/2008, 329/2009, 37/2011)

- Minimum net income after HL instalment:40% (CO head can permit 25%)
- Photograph of building to be obtained at the each stage of construction and to be countersigned by Officer/Manager who visited with site, with date seal.
- Physical inspection on rotation basis.
- Flat purchase should be from reputed builder approved by CO.
- **Post Dated Cheques (PDCs)** may be obtained by the **respective sanctioning authority ONLY IN Retail Asset Hub (RAH) AND Central Processing Unit (CPU)** duly verifying pass sheet of salary account for past 6 months.(cir 329/09)
- Circle Head and above authorities at HO are authorized to permit **reimbursement** within their delegated sanctioning powers not exceeding 25% of the loan amount(Cir 30/2010)

- Reimbursement to be claimed within 3 months from the date of incurring the expenditure.
 - Such payments are routed through bank account/channels in case of ready built house/flats.
 - The maximum repayment period of 25 years/70 years of age is made applicable for both existing and fresh loans and can be permitted by the respective sanctioning authority.
 - Where housing loan is granted for purchase of site and construction of house there on, the borrower should start construction of the house within a maximum period of twelve months from the date of disbursement of the housing loan. RoI as applicable to Canara Site (presently Base rate+6% i.e., 16.00%) to be charged after the expiry of the maximum period permitted as above from the date of disbursement till the start of construction.
 - Additional repayment holiday of six months (beyond 18 months) for completion of the construction of house/ commencement of repayment may be permitted by higher authorities.
 - Branches to stipulate payment of Pre-EMI interest as and when due in case of flats/houses under construction and permit capitalization of interest very selectively and on merits.
 - Maximum period of six months may be stipulated for completion of EMT (deposit of registered sale deed) from the date of grant of housing loan, permitted for purchase of site and construction thereof (composite loan)/ ready built house. Penalty @ 2%p.a. on the sanctioned amount after the expiry of six months till completion of EMT (deposit of registered sale deed)/ Delayed submission of registered sale deed is stipulated except in case the plot is allotted by the Government/Housing Board and similar autonomous bodies. For Flats under construction existing guidelines to be adhered.(Cir. 37/2011)
- ★ **In-Principle (Provisional) Sanction Of A Housing Loan (IPS OF HL):** (Cir No.359/2009): **IPS of HL** is an offer to an eligible customer by a simple letter conveying the In-principle (provisional) sanction of a HL duly satisfying all the terms and conditions applicable for HL subject to the acceptability of a house/Flat/property proposed to be acquired by the customer/prospective borrower.
- ★ It is valid for 6 months.
 - ★ Charges: Rs.500/- to be collected upfront.
- ★ **Free Credit Card Facility To HL Borrowers:** HL limit should be minimum Rs.2 lakhs and account should be standard asset. Waiver of enrolment fee and first year annual fee. Fee from second year onwards, payable by borrower.
- ★ **Modified Guidelines For Obtention Of AOD In HL:** (Cir. 89/2007): In respect of Housing Loan Accounts (Individuals), which are totally regular in repayment, branches need not obtain AODs, as long as they are regular. However, in case there is a default even by a single installments and the same is overdue, branch shall continue to obtain AOD as per our existing guidelines
- ★ **Risk weight for housing loans:** Where LTV is <75% : Loans upto Rs.30 lacs: 50%, above Rs.30 lacs: 75%. If LTV is more than 75% : Risk weight is 100%. In respect of Housing loans which are restructured/rescheduled, additional risk weight of 25% is to be assigned. The risk weight for residential housing loans of Rs.75 lakh and above, irrespective of the LTV ratio, will be 125 per cent.(Cir 428/2010).
- ★ **Financing Housing Projects** (Cir 291/2009, 159/2010): The builder/developer company Would **disclose** in the **Pamphlets / Brochures** etc., the name(s) of the bank(s) to which the property is mortgaged. Would append the information relating to mortgage while **publishing advertisement** of a particular scheme in newspapers / magazines etc. Would

indicate in their pamphlets / brochures, that they would provide No Objection Certificate (NOC) / permission of the mortgagee bank for sale of flats / property, if required.

- * **Loans and advances for construction purposes—adherence to national building code (NBC 2005):** cir.159/2010: To adopt NBC guidelines in respect of loans for construction of building exceeding **Rs. 25 crores & above** and in due course to be made applicable for other loans also
- * **Online Filing Of Applications Of Housing Loans, By Customers:** (Cir no.81/2008): With a view to reach out to large number of housing loan aspirants, the facility for online filing of application for housing loan through the bank's website has been launched in our bank.
- * **KYC of seller of property:** In respect of "FIRST SALE" cases of flats which are financed by our Bank, KYC procedures would have been carried out on the Builder / Developer. However, in other cases where Bank finances clients for purchase of landed property or for purchase of flats from individuals, it is advisable to carry out KYC procedures on such sellers of the property also, in addition to the existing presanction guidelines relating to KYC.(Cir 153/2011)

Home Improvement Loan

- Eligibility: Employees with 40% net take home salary with a minimum of Rs.2000/-. Non salaried : annual income of atleast Rs.50,000/- to be evidenced by ITAO.
- Quantum - One year gross income/salary maximum of Rs.2 lakhs by branch
- If availed with HL, one year additional gross salary.
- Next higher authority at CO can permit upt Rs.3 lakhs and Head of Circle can permit beyond Rs.3 lac to Rs.5 lacs
- Purpose : For household articles/ furnishing the house.
- Margin : 20%. If availed with HL, housing loan margin applicable.
- Rate of Interest: 14.00% (cir 132/2011) Housing Loan Interest rate if availed alongwith HL.
- Repayment period – 5 years. upto 7 years to be permitted by next authority at CO

Swarna Loan Scheme

(cir no.84/07, 107/2011)

- Minimum Rs.10,000/- and maximum Rs.2 lakhs
- Rs.1400/- per gram or 75% of value of gold (cir no.107/2011)
- Rate of Interest : 13.25%(Base Rate + 3.25%) (Cir no.59/2011)
- Repayment: Entire Loan to be repaid in 24 EMI.
- Interest for a period of 12 months to be collected upfront
- Processing charges: 1% of loan. Min.Rs.50/- Max.Rs.500/- per loan
- **Appraisal fee** of 50 paise per loan of Rs.100/- with a maximum of Rs.200/- (Cir.91/2009)
- Loans to individuals against pledge of specially minted gold coins sold by Banks can be considered as one of the approved securities, besides gold Jewellery.(Cir 134/2011)

Doctors Choice

(Cir 170/03, 281/03, 170/04)

- All qualified registered practitioners/ experience of minimum 3 years
- Maximum : Rs.10 lacs with sub-ceiling of Rs.2 lacs for working capital
- Margin: Above Rs.25,000/- to 5 lacs: 10% and above 5 lacs – 25% (sanctioning authority can permit further reduction of 5%)
- Security: Upto Rs.2 lakhs – hypothecation and above 2 lacs – mortgage
- Repayment: TL – 5 to 7 years W/C – 2-3 yrs.
- Working capital – 25% of previous year's turnover or 25% of the expected turnover or 2 times the actual net income or the ceiling amount of Rs.2 lacs whichever is less.

Teachers Loan

(Cir 187/04, 193/04, 240/04, 241/05, 185/08)

- Confirmed teaching/non teaching staff whose salary is being credited in the financing branch, with an undertaking letter from the school/college not to shift the salary account without NOC from the branch. In case salary credit is not feasible, mandate to recover the EMIs from the salaries of the borrowers to be registered.
- Recovery of EMI shall be through salary account or salary mandate only.
- **PDCs/Cash remittances are not to be accepted.**
- A letter from the branch to be addressed to the Salary disbursing authority requesting them to inform the branch in case of transfer/ termination/ suspension /shifting of salary account to other bank and to route the terminal benefits of the employee through the financing branch.
- 6 months gross salary with max. Rs.1 lakh. DM/AGM – 10mths gross salary max Rs.2 lacs
- Net Take Home salary should be 30% of Gross after deducting EMI of proposed loan
- **Repayment : 48 months**
- Suitable Co-obligation is to be obtained
- Wherever TL is granted, no other clean loan to be sanctioned to the borrower

Educational Loan

(Cir no.243/07 and 107/2008, 135/2009, 354/09, 140/2010)

- Studies in India Max.Rs.10 lacs and Studies abroad :Rs.20 lacs
- Margin: Upto 4 lakhs: NIL. Above 4 lakhs – studies in India : 5% Abroad : 15%
- Security: Upto Rs.4 lakhs – no security, 4 to 7.5 lacs: Jointly with parent and III party guarantee. Above 7.5 lacs – 100% collateral security
- Permission to obtain collateral security in lieu of third party guarantee for loans beyond Rs.4 lakhs to Rs.7.5 lakhs.
- ELs above Rs.15 lakhs, sanction by AGM and above only.
- Reduction of 1.00% on the applicable ROI on the loans extended to girl students will continue. (Cir.232/2010)
- Concession of 0.5% in ROI if interest is serviced during study period/repayment holiday (cir no.181/2004) If 3 installments of interest are irregular, concession will not be extended.

- Students of IIT/IIM/ISB : Concession in interest (earlier BPLR-2.5%)
 - Applying ONLINE facility available (Cir no.06/2008)
 - Caution Deposit/Refundable deposits – Not to exceed 10% of tuition fees. If exceeds 10%, our finance to such deposits should be restricted to 10% of tuition fees.
 - Bank has now extended the moratorium period / repayment holiday from **the existing 12 months to 24 months** for all education loans to provide relief to the student community (Cir 251/2009)
 - Repayment: 5 to 7 years after commencement of repayment.
 - Extension of time for completion of course may be permitted for a maximum period of 2 years.
 - The rural/semi urban branches to adhere to service area norms.
 - **Place of availing EL:** The loan to be sanctioned by the Branch nearest to the place of residence of parents.
 - **If parent is in Govt Job:** If parent/s are in transferable jobs (in Govt. PSU, Reputed corporate), loan can be sanctioned at place of work /place of permanent residence at the option of borrower.
 - **Rented House:** Persons staying in a rented house for a minimum period of 2 years in a place without owning a house in the present place of stay may also be treated as a permanent resident of the place.
 - **Age Limit:** There is no specific restriction with regard to the **age** of the student to be eligible for education loan
 - **Disposal of EL Loan Application:** Within a period of 15 days to 1 month. Not to exceed Priority Sector application disposal norms.
 - **Processing Charges:** Applicable for studies Abroad, Loan amount exceeding Rs.25,000/-
Applicable rate: Priority Sector Term Loan rates ie above Rs.25,000/- :1% of loan amount.
 - **Cir 300/2008, 354/09:** Education Loans Guidelines on considering Education Loans for students pursuing Teacher Training Course / Nursing Course / B.Ed Course: Eligible if conducted by Institutes approved by Govt. and leading to Degree or Diploma and NOT for certificate courses. Expenses as per Fee structure in Govt. College/approved by concerned authorities.
- * **Grand Parent as co-borrower: Cir 135/09:** Permitted to obtain grandparent as co-borrower if net worth is there.
- * **ELs for Admission under Management Quota:** To be sanctioned by Circle Head only.

REVISED GUIDELINES OF IBA FOR EL(83/2011)

- In case of students who have secured admission under 'Management Quota', Educational Loan can be considered only if students have secured 60% marks in the Board Examination. However, students who secured admission under State selection process but opt for 'Management Quota' for a different Branch/stream can be considered under IBA scheme.
- License courses like Aircraft Maintenance Engineering / Pre Sea training which are neither degree nor diploma for sanctioning Education Loans shouldn't be considered for EL.
- Vocational and skill development study courses are not eligible for loan under IBA scheme. Off campus courses are also not eligible

- Only degree / post graduation courses pursued abroad are eligible for sanction of loan under IBA scheme.
- The security offered may be accepted, when the law prevailing in the state, does not prohibit accepting such security, wherever securities are stipulated.
- Defaulter need not be accepted as co-borrower at the time of sanction /disbursement of educational loan.
- In case of Deemed Universities, fees fixed for Management Quota in self financing colleges to pursue such courses, may be considered for sanction of loan.
- In deserving cases, the repayment period can be increased from the existing 5-7 years to 10-15 years.

Education Loans to Employed Persons

- Employed persons whose annual income is less than Rs.7200/- may be financed depending upon individual requirement and merits. For those whose annual income is more than Rs.7200/-, loans can be granted provided they do not get salary during the period of study
- Irrespective of income of employee, EL can be given subject to production of NOC from employer.
- Guarantee of third party for loan upto Rs.25,000/- and approved securities for loans above Rs.25,000/- should be obtained.

EL Scheme for Students in Private Professional Colleges

- Student's annual family income (or that of his father or guardian) should not exceed Rs.1 lac from all sources
- **Loan amount:** Rs.15,000/- for free/merit seat student and Rs.50,000/- for payment seat students or the fees payable by the student whichever is less

Central Sector Scheme of Interest Subsidy For Education Loans

(Cir 274/2010, 377/2010, 48/2011)

- **Full Name of the Scheme:** "Central Scheme to provide Interest Subsidy for the period of moratorium on ELs taken by students from Economically Weaker Sections from scheduled banks under the EL Scheme of the IBA to pursue Technical/Professional Education studies in India"
- **Nodal Bank** of Ministry of HRD: **Canara Bank.**
Eligibility:
 - Applicable to all scheduled Banks.
 - **Applicable Academic Year:** From 2009-10 starting 1st April 2009 onwards.
 - The student should belong to economically weaker sections – EWS.
 - EWS means annual gross parental/family income **upper limit of Rs.4.50 Lacs per year** (from all sources).
 - EWS income limit is based on economic index and not on social background.
 - Income proof should be given by the students issued by authorities authorized by the State Governments for certification of income status for this Scheme.

- IBA approved Format of Income Certificate: Enclosed to Cir.274/2010.
- The District Level Consultative Committee in each district will circulate the competent / designated authority along with their specimen signature.
- **Only for studies in recognized Technical/Professional Courses in India.**
- The interest subsidy shall be linked with the existing EL Scheme of IBA
- Interest subsidy is restricted to students enrolled in recognized Technical/Professional Courses (after Class XII) in India in Educational Institutions established by Acts of Parliament, other Institutions recognized by the concerned Statutory Bodies, IIMs and other Institutions set up by the Central/State Government.

Interest Subsidy:

- **Period:** The period of moratorium i.e., Course Period plus one year or six months after getting job, whichever is earlier, shall be borne by the Government of India.
- After the period of moratorium is over, the interest on the outstanding loan amount shall be paid by the student.
- **Eligibility:** Available to the eligible students only once, either for the first undergraduate degree course or the post graduate degrees/diplomas in India.
- Interest Subsidy shall, however, be admissible for **integrated courses**.
- **Not eligible to:** Those students once they discontinue the course midstream, or who are expelled from the Institutions on disciplinary or academic grounds, However, the interest subsidy will be available only if the discontinuation was due to **medical grounds** for which necessary documentation to the satisfaction of the Head of educational institution will have to be given.

Noting Lien of Education Loan in the Awards/Certificates:

- There would be tag/marker on the degree of the student indicating his repayment towards liabilities.
- Electronic Tags will enable employers to identify loanees.
- The Ministry of HRD has initiated the proposal to dematerialize the educational awards/certificates, setting up of Depository for maintaining the records in dematerialized form and providing service to the users.
- Banks can have online access for verification process, which would eliminate fraudulent practices like forging of certificates and marks sheets.
- **List of eligible Technical/Professional courses:** Shall be publicized from time to time by the HRD Ministry + IBA.
- UGC and AICTE would immediately display the list of names of accredited universities/institutions and recognized professional courses, in their websites, which may be accessed for verification purposes.
- **Monitoring:** Shall be evolved by the Ministry of HRD to monitor the benefits accruing to different categories of loanees, such as, the Scheduled Castes, Scheduled Tribes, Minorities, Disabled, etc.
- **Disbursement of Interest Subsidy claims:** Either half yearly or yearly basis, as decided by HRD Ministry.
- **Claims by RRBs:** RRBs should submit their claim directly to Canara Bank and not through the Sponsor Bank.
- **Statutory Audit:** Once in a year & to coincide with the Annual Statutory Audit of the Bank.
- **Interest Rates to loan accounts:** As per the rates prescribed by Banks. Colleges in the region should be kept informed.

- Branches to address suitable letters to the students to avail the benefits.
- Branches to obtain the agreement copy from each eligible student for participation in the Scheme as per format given in Cir.274/2010.
- The scheme is independent of any other schemes which may cater to EWS.
- Submission of claims in respect of eligible students to be ensured positively on or before 10.03.2011 where Income Certificate is submitted by the student and agreement has been executed.(Cir 47/2011)

Traders Loan

(Cir.149/99, 37/03, 23/04)

- Good record for 3 to 4 years
- Upto Rs.10 lacs, OD facility and 10 to 50 lacs : OCC facility
- Margin : 30%
- ROI: upto Rs.2 lakhs : 14% above Rs.2 lacs: 15.25% (cir 132/2011)
- Stock Statement : Monthly for loans above Rs.10 lakhs (CIR 23/04)
- Tenability: 2 years for limits upto Rs.10 lacs.
- Inspection of Stocks: Once in 6 months (upto Rs.10 lacs), once in 3 months for limits above Rs.10 lacs.
- 100% collateral in the form of immovable property is required.

Canara trade Scheme

(cir no.357/05 & cir 59/07, 365/2009, 39/2011)

- Loan scheme for providing working capital and term loan to traders, business enterprises, commission agents, services sector, professionals and self-employed.
- Existing parties having satisfactory dealings and New parties with good track record are eligible. Parties to confine their entire dealings with out bank.
- **Maximum Loan Amount** – Rs.5 crore
- Nature Of Facility: Can be either working capital (FB and/or NFB) or term loan or combination thereof based on the need
- **Margin** on Term Loan is 25%. Wherever the project cost includes construction also, the term loan component for construction activity should not exceed 60% of the project cost.(cir 365/09)
- Entire working capital limit is by way of secured OD only
- **Submission of stock and book debt statements** simplified – once in 6 months for limits upto Rs.50 lakhs. Once in quarter(Mar,Jun,Sept,Dec) for limits above Rs.50 lacs (cir 365/09)
- **Unit visit and inspection – once in 3 months**
- Tenability of secured OD limit – 2 years
- EMT of property whose value shall not be less than 133% of the loan amount
- **For Commission Agents**, EMT of land and building whose value shall not be less than **200%** is taken as security to the loan as no stocks are available in this kind of trade and the only security comfort available is by way of EMT of property/ies.
- **Commission Agents**: The income & expenditure account is to be obtained **quarterly** as a proof of continuing to be engaged in the activity / business
- Repayment to the Term loan : Maximum–60 months including repayment holiday, if any.
- Assessment of working capital limits :Upto Rs.2 crores – Turnover Method, Rs.2 to 5 crores – MPBF Method (Cir 365/09)

- Secured OD upto Rs.10 lacs – Secured fully by stock and book debts to the extent of the facility (no margin is necessary) and EMT of property whose value shall not be less than 100% of the limit.
 - Secured OD beyond Rs.10 lacs upto Rs.50 lacs – Secured fully by stock and book debts to the extent of the facility (no margin is necessary) and EMT of property whose value shall not be less than 133% of the limit
 - Secured OD beyond Rs.50 lacs upto Rs.5 crore – Secured fully by stock and book debts with 10% margin and EMT of property whose value shall not be less than 133% of the loan amount.
 - Determination of Drawing Power (DP): As the entire Working capital facility is in the nature of secured OD, **no DP need be computed for the entire facility**. However, entire OD limits are to be fully secured by stocks and book debts with required margin if any.
 - Tenability of limits: The secured OD limit may be sanctioned for a period of 2 years subject to annual review.
 - SECURITY: Hypothecation of Stock and Book debts in favour of the Bank. No margin need be insisted for Working capital facilities upto Rs.50 lacs.
 - For Working capital limit of over Rs.50 lacs, a margin of 10% on the stock and book debts should be obtained. However, case to case waiver may be permitted by Circle Head and GM (HO).
 - In the case of Term loans, the fixed assets created out of our Term loan shall be hypothecated to the Bank.
- EMT Of Land & Building:**
- Secured OD upto Rs.10 lacs: EMT of the property whose value shall not be less than 100% of the limit.
 - OD beyond Rs.10 lacs upto Rs.5 crore as also exclusive Term Loan: EMT of Land and building whose value shall not be less than 133% of the loan amount.
 - For commission Agents, land and building value should not be less than 200% of loan amount as no stocks are available and security comfort by way of Land and building.
 - Availment of Secured OD and Term Loan together: In case of parties who have taken both Working capital and Term loan, EMT of land and building, whose value shall not be less than 133% of the combined credit limit sanctioned.
 - Revaluation of Land & Building for the purpose of enhancement **should not be entertained subject to relaxation permitted as per HO Cir 39/2011.**
 - Value of the property based on the latest valuation report may be reckoned at the time of renewal of limits with the prior clearance of the authorities, subject to **minimum gap of five years from the date of original sanction.**
 - Appreciation permitted to the extent of 20%- DGM of the Circle in case of GM Headed Circles and Circle Head in case of DGM headed Circles.(For loan upto Rs.2 Cr, Normal Risk)
 - Appreciation permitted to the extent of 25%- In case of Circles headed by GM, GM of the Circle. In case of Circle Headed by DGM – GM RB Wing, HO.(For loan above Rs.2 Cr upto Rs.5 Cr, Normal Risk)
 - Property mortgaged to existing credit facilities can be accepted as security for Canara trade loan of the same borrower provided the security covers required margin for both loans.

Other important terms and conditions for acceptance of Land & Building as security for the loans under this scheme:

- The Bank shall accept the property situated in the place of business and / or agglomeration thereof.
- The property may include residential houses, business and trading premises. Vacant sites shall not be accepted. Also, the properties tenanted out should be excluded. However, property tenanted to PSUs, PSBs, MNCs etc., may be accepted as security. In such cases, if rent receipts are securitized by way of availment of loans by the owners, such facts are to be looked into and factored while appraising the proposal / accepting the property as security.
- No Agricultural property shall be accepted for lending there against under the subject scheme.
- Third party property shall not be accepted for providing the subject facility. However, following exceptions can be permitted by the respective sanctioning authority:
 - Property in the name of the Proprietor or his / her family members, partners or their family members. For this purpose, family members include spouse, son, daughter, father, mother, brother and unmarried sister.
 - In the case of borrowers belonging to private limited companies, properties in the name of directors and the family members as stated above of the directors may be accepted.
 - In these cases, such family members should offer his / her personal guarantee for the facility.
- The mortgage of the property created for the Working capital and Term loan facility under the subject scheme shall not be accepted / offered as collateral security for any other loans to the same borrowers or to the sister/ allied concerns.

Sanctioning Authority: (in lakhs)

Small Br	10	AGM	100
Medium Br	20	DGM	200
Large Br	30	GM CO/HO	500
CM/DM	50		

Audited Balance Sheet:

- Corporate borrowers shall submit ABS including Director's report etc., as prescribed in the Company's Act notwithstanding the quantum of credit facilities.
- In respect of non-corporate borrowers who are not required to prepare ABS by virtue of any statute or law in force, for credit limits upto Rs.20 lacs, ABS is not required. In these cases, for credit limits above Rs.20 lacs, ABS shall be obtained. However, where the borrower is mandatorily required to submit ABS ie turnover of Rs.60 lakhs and above, the same shall be obtained notwithstanding the loan quantum.
- **EXCESS DRAWINGS:** Normally the drawings in the Secured OD shall be permitted within the sanctioned limit. However, in case of emergencies, very sparingly, Emergency powers can be exercised upto 10% of the sanctioned limit or delegated powers of the authority permitting such Emergency Powers, whichever is lower, for a maximum period of 15 days only.
- **Take Over Of Canara Trade Loan Accounts:** A valid EMT should be created **within 10 days** of clearance of the liability with other bank by us (concerned branch of our Bank).

- **Valuation Of Mortgaged Property:** Shall be got done at the time of availment and subsequently every three year. (Cir.102/2011)
- **Penal Interest For Delay In Submission Of ABS: (CIR.159/2010):** Penal interest of 2% on the outstanding liability (fund based) shall be collected if the audited financial statements are not submitted before 31st October every year or **within a fortnight of adoption of accounts** of the borrower whichever is earlier unless waived by authorities not below GM (CO)/ (HO) on satisfactory reasons

Canara Jeevan

(Cir 20/2008 &175/08, 171/09)

- Reverse Mortgage - to help Senior Citizens to convert their dwelling house property into liquid cash flows to meet their living expenses
- **Objective:** To meet the financial needs of Senior Citizens owning self occupied residential property.
- No loan against ancestral property since legal issues involved.
- **Eligibility:** Owner of Property – Above 60 years age
- Loan in joint names of owner and spouse, irrespective of title of property (One person should be above 60 years and the other above 55 years)
- Residual life of property should be at least 20 years
- In case of Flat, age of flat not more than 10 years

Quantum of loan:

- * Age of Borrower - Loan as proportion of Assed Value of Property
- * (Loan including interest till maturity)
- * 60 to 70 years - 70% // 71 to 75 years - 80% // Above 75 years - 90%
- For flats, depending age of the flat, from 45% to 75%
- Minimum loan quantum Rs.5 lakhs and maximum Rs.50 lakhs for independent houses.
- Maximum quantum for flat is Rs.25 lakhs.
- **Payment(Disbursement):** Monthly/Quarterly instalments. One time lumpsum payment, not more than 20% of the eligible loan amount.
- **Payment Period:** 15 years
- **Rate of Interest:** 11.25% (Cir 132/2011)
- **Valuation Of Property:** To be done once in 3 years.
- **Equity To Value Ratio (VER)** should not at any time during the tenor of loan, fall below 10%
- EC to be obtained before disbursement and once in three years.
- **Repayment Of Loan:** Only when the last surviving borrower dies or when they like to sell the property.
- Entire outstanding liability including accumulated interest to be met by proceeds received out of sale of property. Surplus to be paid to the heirs.
- * **Sanctioning Authority:** Circle Head.
- * **Inspection of Property:** Once in 6 months.
- * Loan Implemented through selected branches only.
- * **Prepayment penalty:** 2% of liability outstanding if taken over by other Bank /HFI. No prepayment penalty if the loan is repaid by borrower out of own sources.
- * **Processing Charges:** Maximum Rs.5000/-

- * **Right Of Rescission:** After completion of documentation etc. 3 business days given to senior citizen to cancel the transaction ie the RIGHT OF RECESSION.
- * If the loan amount is disbursed, the entire loan amount will need to be repaid by the borrower within this three day period without interest.
- * **Foreclosure:** Bank can foreclose the loan if the borrower does not meet our terms and conditions . If the borrower does not stay in the house for continuous period of 1 year, foreclosure may can be made.
- * **Classification:** Non priority – Personal Loan - Retail Lending. Report in PSR 71.
- * **Cir 09/2009:** The stream of payments received by the senior citizen under RML scheme made and notified by the Central Government would not be treated as "Income" for income tax purpose.

Advances to Employees & Staff Matters

Clean loan facility: (268/09, 282/09, 316/09)

- All confirmed employees who have completed 3 years of total service.
- One and half months gross salary for every completed year of service with a maximum of 15 months gross salary or the following amount whichever is less: (a) Officers - Rs.5.00 lacs // (b) Workmen-Rs.3.00 lacs // (c) Sub-staff / PTE - Rs.1.75 lacs(Cir 316/09)
- The amount over and above the existing limit if opted will be sanctioned as DPN only for those who are presently enjoying OD clean facility.
- Those employees who are having clean DPN loan at present can be sanctioned additional DPN for enhanced eligibility.
- **Repayment:** The additional DPN sanctioned is repayable in 120 EMI. Wherever the service of employees is less than 10 years EMI as applicable to 10 years may be permitted with an undertaking from the employees to clear the above balance outstanding out of terminal benefits.
- The **NTH** should be not less than 40% of the Gross emoluments.
- **NTH: The following relaxation is withdrawn:** “excluding the deduction towards SPF & VPF contribution and LIC premium) at the time of sanction where DPN, DUAL and Canbudget loan scheme for purchase of books are availed/outstanding the installments amount of these loans are to be added back for determining the gross emoluments and immediately on availing DPN loans these loans are to be cleared with full upto date interest “
- **ROI:** 9% p.a. compounded monthly

Car Loan For Officers:

- Officers with Basic pay of Rs.13,820/-
- Quantum : Brand new: Rs.3.50 lakhs or 80% of vehicle cost whichever is less.
- Used cars: 80% of approved qualified automobile engineer.
- Repayment: Upto 200 months. Sanctioning authority: DGM of Circle
- ROI Upto Rs.80,000/- 8.50% & Above Rs.80,000/- Upto Rs.3.50 lacs 10% simple effective from 01-09-2009.(cir 268/09)

EMPLOYEES' HOUSING LOAN SCHEME(Cir.331/2010)

Revised provisions/ Terms:

Quantum- 60 times of latest drawn monthly gross salary, subject to a maximum of Quantum of loan amount Rs.20 lacs, Rs.12 lacs & Rs.8 lacs for Officers, Clerical staff & Sub-staff respectively. Margin - 10% of the project cost. Rate of Interest - 8% p.a. simple

Repayment -To be repaid in 240 months. Principal in 168 equal monthly instalments and interest in 72 equal monthly instalments thereafter for all employees uniformly. The monthly net take home salary after taking into account the proposed EHL repayment instalments shall not be less than 25% of the monthly gross salary.

Loan amount for repairs/ maintenance/ renovation/ enlargement of existing dwelling unit in case the employee has not availed loan under EHL: Loan Amount (Rs. in lacs) 5.00, 3.00 & 2.00 for Officers, Clerical staff & Sub-staff respectively.

Repayment: To be repaid in 120 months; Principal in 84 equal monthly installments and interest in 36 equal monthly installments thereafter. Other terms and conditions as applicable to EHL.

Modified Guideline On Employees Housing Loan (EHL)

(H.O.Cir 217/2006 dt 12.08.2006)

- * Existing Policy of permitting Employees to avail Additional Loan from HDFC, CANFIN HOMES Ltd, and LIC Housing Finance Ltd by creating Paripassu charge basis-DISCONTINUED.
- * Instead Employees are now permitted to avail Loan under Housing Finance Scheme (HFS) of Bank applicable to Customers, to meet differential Project cost.

Local Conveyance Expenses to Workmen Employees (Box item 7/2010)

- Metropolitan Cities, Mumbai, Bangalore, Hyderabad, Ahmadabad, Kolkata, Delhi and Chennai : Rs. 45/- per day(Maximum
- Other Centres : Rs. 35/- per day (Maximum)

Halting Allowance (Cir 190/2010)

- * Clerical (in brackets :Substaff) : Population >15lacs+Goa:Rs.500/- (Rs..375/-)
- * Population >5lacs + State Capitals : Rs.375/- (Rs.250/-)
- * Other Places:Rs.300 (185)

HA for Officers (Cir 211/2010)

Grade / Scales of Officers	Major 'A' class cities (Rs.)	Area I (Rs.)	Other Places (Rs.)
Officers in Scale IV & above	1000/-	800/-	700/-

Officers in Scale I/II/III	800/-	700/-	600/-
Provided that in the case of officers in Scale IV and above, halting allowance payable per diem while on outstation work at the four metros, viz. Delhi, Mumbai, Kolkata and Chennai, shall be Rs.1200/- and for officers in Scale I/II/III Rs.1000/-.			

Fixing cut-off limit to Scale I Officers of our Bank for authorizing cash cheque payments (Cir 188/2009)

Authorizing payment of cash cheques :

- **Up to Rs.2.00 lacs** (staff accounts Rs.10,000/- only) :Scale I Officers
- Beyond Rs.2.00 lacs : Scale II and above
- Where the Branch-in-Charge is Scale I Officer: full powers

**Cashless Facility for Hospitalisation to our Employees
(Cir 87/2011)**

- Bank has entered into tieup with reputed hospitals by way of MOU. Cashless facility for Hospitalisation will be extended by the Bank through the empanelled hospitals and it is a benevolent Scheme for all the employees.

HUMAN RESOURCES DEVELOPMENT

Staff Meeting: (Cir no.224/04)

- It aims at 'Open Culture', 'Family Feeling', 'Group Synergy' and 'Talent Recognition' .
- Agenda can reflect variety, topicality of issues and branch specific priorities.
- Once in a month with agenda decided well in advance.
- Expenditure: Rs.5/- per person, per month/meeting.
- ISO certified branch to have specific agenda as per ISO norms.
- A goal oriented, target, task oriented, education oriented meetings.
- **Job Rotation** is compulsory both at branches and also at administrative units upto II Line Managers. **Cir.75/2005, 217/2007**
- The Job Rotation should be normally effected once in every six months. However, the branch-in-charge, depending on the size of the branch and departments handled, can have some flexibility regarding the period. But, the same should not be more than 12 months. This is to ensure smooth change over without affecting the customer service.

Quality Circle

- For self development and mutual development
- Tea/Coffee expenses towards QC meeting: Rs.5/- per head per meeting once a fortnight, maximum six meets per quarter.
- Incentives: Circle level competition, Rs.30/- each for badge with Bank's logo and Rs.750/- for photocopying etc.
- At apex level competition or QC conventions, maximum of Rs.1000/- per member of presenting team for uniform, tie or saree for female member.

- For international competition, Rs.3,500/- per member for purchase of uniform blazer.
- For External Competition held with in India, Rs.3000/- for material preparation.
- For International Conventions with in the country or abroad, maximum of Rs.5000/- per QC team for presentation material.
- QC team can ideally have 5-7 members.
- Leader and Deputy leader will be there, selected within the team.
- Branch incharge will act as a facilitator only.

Employees Suggestion Scheme: (Cir no.14/2004, 233/2010)

- To put in place system, procedures & reduce risk to inculcate team spirit.
- All employees of the Bank are eligible to participate.
- Employees in O&M Section, Management Audit System, Inspection Wing and their overseeing executives are not eligible.
- Group of employees: Minimum 3 and Maximum 5.
- Suggestion through e mail to: inspwingom@canbank.co.in
- Accepted Suggestions will be rewarded as follows:
- Appreciation letters signed by DGM of the Circle/GM Personnel Wing
- It will be noted in personal records
- Cash awards Rs.3,000/- & Rs.5,000/- for individual and team respectively.
- Names with photographs of the prize winners will be published annually in “Shreyas”
- Memo will be issued.
- Annual Awards:
 - 6 Best Suggestions : I – Rs.10,000/- II – Rs.7,500/- & III – Rs.5,000/- and 3 consolation prizes :Rs.3000/- each.
- Special Award : adhoc by CMD for reduction in expenditure or in preventing frauds.

Brain Storming Session:

Periodicity is quarterly. A corporate topic is debated at all levels by involving a cross section of employees and valuable feedback gathered will help HO to introduce new systems/bringing changes in existing systems and procedures/schemes, etc. Report should be sent to controlling office.

Study Circle:

- * Under this forum of Study Circle, **important topics** can be discussed like Time Management, Stress Management, Yoga and Meditation, Taxation, Blood Donation, Basel II norms, Quiz Program, etc. However, care to be taken to see that the topic chosen is interesting one and kindle desire in the minds of employees and active their thinking process.
- * **Periodicity** of conducting study Circle meeting is once in 3 months in case of branch and bi-monthly in RO/CO.
- * Topics of banking/non-banking will be discussed by inviting a guest speaker who is well versed with the specialised topics.
- * **Honorarium** of Rs.200 can be paid in case of branch having staff strength of less than 50 and RS.500 in case of RO/CO/Branch having more than 50 staff strength.

Presentation of Milestone Awards

- * Wef February 1990. After completion of 25 years of meritorious service
- * The award will be in the form of any one article, like wrist watch, silver, salver or any other article of the officer's choice.
- * The cost of the award should not exceed Rs. 2000/- (Cir 130/2000)
- * Debit to: General Charges-Staff Welfare Account and the bills will be lodged with the (third copy) of the GC slip at the branch itself.
- * The award will be presented in the monthly staff meeting.
- * Award may be presented during the staff meeting of April / October - Every Year

Exit Interview: Exit Interview is for employees who are retiring from the services of the Bank on superannuation, resigning from the services of the Bank and those who have opted for Voluntary Retirement. Exit Interview is to be conducted by a person a rank higher than the retiring/resigning person

Incentive Scheme For Officers And Clerical Employees For Taking Up Post Graduate /Certificate/ Diploma Courses- (Cir no.311/06)

- Group I – Certificate / Diploma Courses
- Incentive of Rs.3000/- for completing PG Diploma in Financial Advising and Certificate course in Anti Money Laundering (AML) & Know your Customer (KYC)
- Group II – PG Courses
- Rs.5000/- for Masters in Financial Management (MFM)

Compassionate Employment In Our Bank (cir 262/07)

- Employee dying with in 5 years of first appointment or before reaching the age of 30 years, whichever is later , leaving a dependant spouse and/or minor children
- Effective from 31-07-2004 (retrospective effect)
- Appointment can be made in Clerical and Sub Staff cadre
- Application by LH within 12 months of death of employee

Pratibha Scheme (cir 189/07)

- Age limit of employee : 48 years.
- There are 7 areas of specialization

Canteen Subsidy (H.O. Cir. 198/2001, 93/2007)

- * All branches, irrespective of the staff strength, are eligible for canteen subsidy.
- * The Subsidy amount at the rate of Rs 50/- per month, per employee shall be released by the Bank to the caterer directly (w.e.f. 1/9/2001).

Festival Advance to Employees: Cir. 31/2011

- * To employees who joined the Bank on or after 06.12.1990 will be restricted to one month's emoluments which may comprise of Basic Pay + Special Pay + DA etc., but excluding HRA & CCA subject to a maximum of :
- * Rs.30,000/- for Officers
- * Rs. 20,000/- for Clerical Staff
- * Rs. 15,000/- for Sub-ordinate staff

- * The revised limits will come into force with effect from 01.01.2011.

Business Development Expenses: (cir no.177/08)

- * Scale I – 6000/-, Scale II – 7,000/-, Scale III – 8,000/-, Scale IV – 10,000/-, Scale V – 12,000/-, Scale VI – 20,000/-, Scale VII – 25,000/-

Disclosure policy 2008-09 of the Bank (cir 217/08) - Authorised Spokespersons: (Cir.290/2010)

- * Information regarding the Bank shall be disclosed externally to media, investors & analysts only by the Authorized Spokespersons in accordance with the relevant internal policies. Only the C & MD and the Executive Director/s shall speak on the Bank's behalf on financial matters, with the media, investors and analysts.
- * They may from time to time designate others to speak on behalf of the Bank or respond to specific enquiries from the investment community or media.
- * No other officer or employee of the Bank shall speak to analysts, institutional shareholders or journalists regarding the Bank's financial matters.

Livery To Subordinate Staff: (Cir no.64/2008)

- Ceiling limit for providing livery to all subordinate staff including Part-Time Employees on Scale Wages is enhanced as follows:
- Terrycot Livery : Rs.2,000/- for 3 sets once in 2 years [existing limit Rs.1500/-]
- Woollen livery : Rs.2,000/- for 1 set once in 3 years [existing limit Rs.1450/-]
- The above limits will be effective from 01.04.2008
- Non-wearing of uniform while on duty shall constitute a Minor Misconduct. Continuous non wearing of livery will be treated as a Major Misconduct and appropriate action will be initiated.

Reimbursement Of Lodging Expenses To Officers (cir 68/08) With effect from 01-03-2008

GRADE OF OFFICERS	ELIGIBILITY	MAXIMUM ROOM TARIFF PERMISSIBLE (EXCLUSIVE OF ADMISSIBLE TAXES)		
		MAJOR "A" CLASS CITIES	AREA-I	OTHER PLACES
Scale-VI & VII	4* Hotel	Rs 6,800/-	Rs 3,400/-	Rs 3,000/-
Scale-IV & V	3* Hotel	Rs 4,000/-	Rs 2,400/-	Rs 2,000/-
Scale-II & III	2* Hotel (Non AC)	Rs 2,400/-	Rs 1,600/-	Rs 1,200/-
Scale-I	1* Hotel (Non AC)	Rs 1,600/-	Rs 1,200/-	Rs 800/-

Amendment to the Schedule to the Canara Bank Officer Employees' [Discipline & Appeal] Regulations, 1976 (Cir.114/2010)

Scale-I to III	Disciplinary Authority-DA: AGM or In his absence DGM Appellate Authority: DGM, HO or in his absence GM:HO. In cases where the DGM is the DA, the Appeal shall lie to the GM: HO. Reviewing Authority: GM, HO or in case he is functioning as Appellate Authority, ED
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News Paper Reimbursement: (Cir.161/2010)

- * For Workmen Employees: Reimbursement shall be on production of bill and the quantum of reimbursement shall be restricted to 90% of the cost of the newspaper subject to a maximum of Rs.108/- for both Clerical and Subordinate staff.
- * For Officer Employees: Reimbursement shall be on production of bill and the quantum of reimbursement shall be restricted to 90% of the cost of the newspaper.

Definition of 'family': (medical facilities & LFC purposes)

- * 'Family' = employee's spouse + wholly dependent unmarried children (including step children and legally adopted children) + wholly dependent physically challenged brother / sister with 40% or more disability, as also parents ordinarily residing with and wholly dependent on the employee.
- * The term wholly dependent means monthly income not exceeding Rs.3500/- p.m.
- * If the income of one of the parents or the aggregate income of both the parents exceeds Rs.3,500/- p.m., both the parents shall not be considered as wholly dependent.
- * A married female employee may include her natural parents or parents-in-law under the definition of family – but not both – provided that the parents/parents-in-law are ordinarily residing with and wholly dependent on her.

Medical Aid: (On and from 1.11.2007):

- * Officers in JMG & MMG Scales–Rs.5100/-p.a.
- * Officers in SMG & TEG Scales - Rs.6320/-p.a.

Leave Travel Concession: (w.e.f. 1.5.2010) :

- * An officer, by exercising an option anytime during a 4YB or 2YB, as the case may be, surrender and encash his LTC (other than travel to place of domicile) upon which he shall be entitled to receive an amount equivalent to 75% of the eligible fare for the class of travel by train to which he is entitled upto a distance of 4500 kms. (one way) for officers in JMG Scale I and MMG Scale II & III and 5500 kms (one way) for officers in SMG Scale IV and above.

Incentive Scheme To Honor Alert Staff Cir 255/07, 324/2009

- Upto Rs.10000/- : Cash Award Rs.500/- + Appreciation letter – CO Head
- 10001/- to Rs.1 Lac – Cash Award upto Maximum of Rs.2000/- + Appreciation letter by CO Head
- 100001 to Rs.5 lac - Rs.7000/- + App. Letter by ED
- Rs.500001 and above - Rs.10,000/- + App. Letter by CMD
- Same above for culprits caught in the branch

- Frauds under advances - detection of kite flying, hypothecation of spurious stocks, impersonation to be detected within 3 months,
- Branches have to report all cases of actual/suspected frauds immediately on detection – within 24 hours to Review & Reporting Section – Vigilance Wing, Ho with copy to CO. Observations of the concurrent auditor/inspecting officials are to be furnished in the fraud report.
- Police complaint has to be lodged immediately including attempted frauds without fail after obtaining permission from R & L, CO. No discretion to waive lodging of police complaint. Reports should be signed by branch in charge.
- Chief Vigilance Officer of the Bank – Smt Smt Bhanu Raman from State Bank of Mysore, wef 15-10-2009. (Cir 366/09)
- **Cir 232/07 A Banking Odyssey – The Story of Canara Bank** – M.V.Kamat –Published by M/s.Konark Publishers Pvt Ltd, Delhi - Price Rs.1500/- Staff Rs.500/-

Group Personal Accident Insurance Policy for Employees: Cir: 341/2010

Category	For death		For Temporary/Partial/ Total disability	
	Rest of India	Jammu & Kashmir	Rest of India	Jammu & Kashmir
Sub-staff/PTE	1,25,000/-	1,50,000/-	Not applicable	Not applicable
Clerks/Special Assistants	1,50,000/-	3,00,000/-	- do -	- do -
Officers in Scale I	2,50,000/-	4,50,000/-	50,000/-	1,00,000/-
Officers in Scale II & III	3,00,000/-		1,00,000/-	
Exes. in Scale-IV and V	4,00,000/-	7,50,000/-	2,00,000/-	2,00,000/-
Exes. In Scale VI & VII	5,00,000/-			

Annual Performance Appraisal (APA) System For Officers in Scale I, II and III

Memo No: 21/2009

Evaluation - Will be under 4 broad parameters: (Earlier – KRA (70%) + Mgl. dimensions (20%) + Potential (10%).

i)	Business Dimension and qualitative aspects of business (Officers posted as Branch-in-charge)	70
	OR	
	KRAs (Officers other than Br-in-charge or in administration)	
ii)	Managerial dimensions and Managerial experience	20
iii)	Judicious exercise of discretionary powers	5
iv)	Outstanding performance including creative and innovative quality	5
	TOTAL	100
Each broad parameter has sub parameters. Marks can be awarded in fractions upto 2 decimal points		

* The marks awarded/rating matrix under each parameter is as follows :

Rating	Matrix
---------------	---------------

Extra-ordinary	Above 90%
Outstanding	81% to 90%
Good	61% to < 81%
Average	40% to < 61%
Below Average	Below 40%

- * Only when the overall rating under APA system is 'AVERAGE' or 'BELOW AVERAGE', the rating would be communicated to the employee with an advice to improve.

Sabbatical Leave Scheme: Box Item 92/2006, 235/2000, 20/2000

- * **Eligibility:** Employees who have put in 3 years of active service
- * **Period of leave:** Minimum period of leave - 5 years at a time continuously and can be extended upto 10 years. Number of occasions leave can be availed shall be restricted to 2 times in the entire service of the employee subject to a maximum of 10 years. Before expiry of sanctioned leave, employees cannot rejoin duty.
- * For outside employment, prior permission from Competent Authority is to be obtained.
- * Employees who intend to avail leave under this scheme shall submit an application with other undertakings to the GM, Personnel Wing and shall give 3 months notice.
- * In the case of woman employees, this can be availed as an extension of Maternity leave even though minimum stipulated service of 3 years is not completed.

Banks New Brand Identity Standardization of Business Cards: Cir. 132/2008

Size	55mm x 90 mm
Paper quality	300 gsm Lycum Mat Finish Art Board or equivalent
Colours	Canara Bank Blue (100% Cyan) Canara Bank Yellow (0C 25M 100Y 0K) Black.
Bank name with logo	Two colour logo on a white background. It should be placed at the top-right corner.
Printing	DIGITAL printing for GMs / Circle Heads & SCREEN printing for other executives / eligible officers
Eligibility	Scale I officers heading branches // All Managers / Senior Managers // Scale I officers drafted/designated for Marketing // Public Relations // Deputation to other Institutions

Minor Penalties:

- (a) Censure;
- (b) Withholding of increments;
- (c) Withholding of promotion;
- (d) Recovery from pay or such other amount as may be due to him of the whole or part of any pecuniary loss caused to the bank by negligence or breach of orders;
- (e) Reduction to a lower stage in time scale of pay for a period of not exceeding 3 years, without cumulative effect and not adversely affecting the officer's pension.

Major Penalties:

- (f) Save as provided for in (e) above, reduction to a lower stage in time scale of pay for a specified period with further directions as to whether or not the officer will earn increments of pay during the period of such reduction and whether on expiry of such period the reduction will or will not have the effect of postponing the future increments of his pay.
- (g) Reduction to a lower grade or post
- (h) Compulsory retirement
- (i) Removal from service which shall not be a disqualification for future employment.
- (j) Dismissal which shall ordinarily be a disqualification for future employment.

Canara Bank Officers' Service & Regulations 1979	
Regulation no & Details	
15	Probation: Direct Recruit – 2 years, Promoted officer – 1 year
24	Medical Aid: May accumulate unavailed medical aid so as not to exceed 3 times the maximum amount.
32	Casual Leave: 12 days in a year. Availment maximum 4 days at a time. Privilege Leave: Eligible for PL of one day for every 11 days of service on duty. No PL may be availed before completion of 11 months of service on duty. Accumulation of PL not more than 240 days except where leave has been applied for and it has been refused. Notice of not less than one month required for PL.
34	Sick Leave: Eligible for 30 days sick leave for each completed year of service, maximum 18 months or 540 days on production of medical certificate. SL will be on half pay payable, commutation of SL with full pay permissible.
35	Additional Sick Leave: Eligible after completing 24 years of service one month for each year of service in excess of 24 years subject to a maximum of 3 months.
36	Maternity Leave: At a time – upto 3 months. Not more than 12 months during the entire service.

Acceptance of Gifts : (Canara Bank Officer Employees' (Conduct) Regulations – 1976)

- * On occasions such as marriages, anniversaries, funerals or religious functions when the making of gifts is in conformity with the prevailing religious or social practice, an officer employee may accept gifts from his near relatives but he shall make a report to the competent authority if the value of the gift exceeds Rs.500/- .
- * On such occasion as specified in sub-regulation (2) an officer employee may also accept gifts from his personal friends having no official dealings with him but he shall make a report to the competent authority if the value of such gift exceeds Rs.200/-.
- * In any other case, the officer employee shall not accept any gifts without the sanction of the competent authority if the value of the gifts exceeds Rs.75/-.
- * Provided that when more than one gift has been received from the same person or concern within a period of 12 months the matter shall be reported to the competent authority if the aggregate value thereof exceeds Rs.500/-. **Note:** As a normal practice an officer employee shall not accept any gift from any person or institution having Official dealings with the officer employee.

Transactions exceeding Rs.25000/-: Cir. 302/2006:

As per Regulation 20(4) of Canara Bank Officer Employees' (Conduct) Regulations 1976: Every Officer employee shall report to the competent authority every transaction concerning movable property owned or held by him either in his own name or in the name of a member of his family, ;if the value of such property exceeds Rs.25,000/-.

All officer employees are requested to note the above, and report transactions as above within 30 days of such transaction to the Competent Authority.

Movable, Immovable and Valuable Property: (Cir.124/1993, 61/2004):

In terms of Regulation 20(2) of Canara Bank Officer Employees' (Conduct) Regulations, 1976, every officer employee shall every year submit a return of his movable/immovable and valuable property including liquid assets like shares, debentures as on 31st March of that year to the Bank **before 30th June of that year.**

Erosion of Income : Action against the Erring Employees: (As per Interest collected, commission manual updated till 30-11-2003)

* Income leakage upto Rs.5000/- and when it is recovered, no letter need be addressed.

If Income erosion is more than Rs.5000/- and less than Rs.10,000/- (if the amount is recovered)

* 1st instance : Advisory Letter

* 2nd instance : Advisory Letter (irrespective of amount ie even less than Rs.5000/- also)

* 3rd instance : Caution letter and entry in the service record

* 4th instance : Disciplinary Action

Rs.10,000/- and Above upto Rs.25,000/- (even if the amount is recovered)

* 1st instance : Advisory Letter

* 2nd instance (irrespective of amount) : Caution Letter

* 3rd instance : Disciplinary Action

Above Rs.25,000/- (even if the amount is recovered)

* 1st instance : Caution Letter

* 2nd instance (irrespective of amount) : Disciplinary Action

Prudential Norms on Assets Classification

Performing asset – standard asset:

- Assets which do not disclose any problem and do not carry more than normal risk and also generates income for the Bank are Performing Assets

- Interest and / or installment of principal remain overdue for a period of LESS THAN 90 days in respect of Term Loan
- The account is not out of order in respect of OD/OCC
- Over dues under Bills are less than 90 days whether purchased / discounted
- In case of Agricultural advances, interest / installment of principal , the over dues are within 2 crop seasons in case of short duration crops and one crop season in case of long duration crops

Transfer To LPD: (Cir 71/2010) : Rs.1 crore and above account shall be transferred to LPD within 60 days from becoming NPA incase there is no scope for revival/restructuring of the account.

Non Performing Asset (NPA):

- Sub standard Assets, Doubtful Asset and Loss Assets are NPAs.
- Non performing Assets shall be loan or advance where
 - Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of term loan
 - The account remains “out of order” in respect of an OD/COCC
 - The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted
 - In case of advance granted for agricultural purposes, interest and/or installment of principal remains overdue for two crop seasons (in case of short duration crops) and for one crop season (in case of long duration crops)
 - Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts
- **Substandard Asset:** In respect of loan accounts if any amount is overdue for a period of more than 90 days from the due date, the account should be classified as Sub standard asset. With effect from March 31,2005, a sub standard asset would be one, which has remained NPA for a period less than or equal to 12 months
- **Doubtful Asset:** An asset would be classified as doubtful if it had remained in the sub standard category continuously for 12 months. If the erosion in the value of securities is more than 50% of the value assessed by the bank, and where the value of the securities is more than 10% of the outstanding liability, the account is classified as doubtful category
- **Loss Asset:** A loss asset is one where the loss has been identified by the Bank or internal or external auditors & the amount has not been written off wholly or partly & the asset is considered uncollectible with little salvage or recovery value
- A NPA need not go through the various stage of classification. In cases of serious credit impairment, such assets should be straightway classified as doubtful (where realisable value is more than 10% of liability) or Loss asset (where realizable value of the security is less than 10% of outstanding liability) as appropriate.
- **Due Date:** Due date refers to the date on which interest / instalment is payable by the borrower. Interest has to be collected at monthly rests in respect of Working capital and Term Loans except agricultural advances. Interest falls due for payment immediately on the date of debit. Exceptions are where repayment holiday is given such as Project finance, Educational loans, agricultural advances, Gold Loans, Loans to staff etc.

Norms for agricultural advances:

- A loan granted for short duration crops will be treated as NPA, if the installment of principal or interest thereon remains overdue for two crop seasons
- A loan granted for long duration crops will be treated as NPA, if the installment of principal or interest thereon remains overdue for one crop season
- Gold loans granted for agricultural purposes to be classified depending upon the purpose and Gold loans generally fall under Standard assets

Guidelines on running accounts:

- * **Out of order accounts:** Treated as out of order account if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power. In cases where liability is less than sanctioned limit/drawing power, if there are no credits continuously for 90 days as on the date of Balance Sheet. Credits are not enough to cover the interest debited during the same period
- * **Non Submission / Delayed Submission Of Stock Statements:** Stock statements relied upon for determining drawing powers should not be older than 3 months. The outstanding in the account based on Drawing power calculated from stock statements older than 3 months are deemed as irregular. The working capital limits will become NPA if irregular drawings are permitted in the account for a continuous period of 90 days even though the unit is working or the borrower's financial position is satisfactory

NPA Classification & Provision Norms for Projects over Run:

- **Infrastructure Projects:** Account is classified as NPA if it fails to commence commercial operations, after 2 years from the date of original envisaged date of completion or deemed date of completion as decided by group formed for the purpose.(cir 119/2010)
- **Infrastructure Projects delayed for other reasons beyond the control of promoters:** Up to another 1 year (beyond the existing extended period of 2 years i.e. total extension of 3 years), in other than court cases.
- **other than Infrastructure Project:** A loan for a non-infrastructure project will be classified as NPA if it fails to commence commercial operations within six months from the original date of commencement of commercial operations (DCCO), even if it is regular as per record of recovery.
- **Restructured Infrastructure Projects (on account of delay):** The provisions on such accounts as long as these are classified as standard assets is as under: (a) Until two years from the original Date of commencement of Commercial Operations - DCCO 0.40% (b) During the third and the fourth years after the original DCCO.1.00% (Cir.245/2010 & 119/2010)
- **Restructured Non Infrastructure Projects (on account of delay)** (Cir.245/2010 & 119/2010): The provisions on such accounts as long as these are classified as standard assets is as under: (A) Until the first six months from the original DCCO 0.40% (B) During the next six months 1.00%

Provisioning: As per the guidelines of Reserve Bank of India, provision is to be made based on Asset Classification as under:

Standard Assets:

Category of Standard Advances	Provision %
Direct Advances to Agriculture and MSE Sectors(Micro & Small)	0.25%
Commercial Real Estate(w e f Nov 09)	1.00%
Teaser Rate Housing Loan	2.00%
All other Loans and Advances	0.40%*
*(including Medium Enterprises)	

In respect of NPAs i.e., Sub-Standard, Doubtful and Loss Assets provision is required to be made based on the Asset Classification, Securities and ECGC / CGTSI Cover available.

Sub-Standard Assets:

- A general provision of 15% on total outstanding should be made without making any allowance for DICGC/ECGC guarantee cover and securities available.
- The ‘unsecured exposures’ which are identified as ‘Sub-Standard’ would attract additional provision of 10%, i.e., a total of 25% on the outstanding balance.
- Infrastructure loans which are classified as sub-standards will attract a provision of 20% as against 15% at present provided: Banks to have appropriate mechanism to escrow the cash flows and have a clear & legal first claim on such cash flows (RBI Cir 18.05.2011)
- Unsecured exposure is defined as an exposure where the realisable value of security, as assessed by the Bank / approved valuers / Reserve Bank’s Inspecting Officers, is not more than 10%, ab-initio, of the outstanding exposure.
- As per revised guidelines issued by RBI the **infrastructure loan accounts** which are classified as sub standard assets will attract a **provisioning of 20 percent** instead of the current provision prescription of 25 percent, **provided** the branches have in place an appropriate **mechanism to escrow the cash flows** and also have a clear and legal first claim on these cash flows.

Doubtful Assets: Provisioning:

- Doubtful upto 12 months (DA-1) : Deficit + 25% of security
- Doubtful – more than 12 m upto 3 yrs (DA II): Deficit + 40% of security
- Doubtful – more than 3 years (secured/unsecured): 100%

Loss Assets: 100% Provision

RECOVERY AND LEGAL ASPECTS

Loan Recovery Policy of the Bank (Cir.281/2010 earlier Cir.246/2008)

Important Changes:

- a. The effective rate of interest on OTS has been linked to Base Rate instead of BPLR.
- b. Incorporation of certificate by the Sanctioning Authority having exercised his powers judiciously.
- c. Endeavor to recover full amount where the realizable value of security is sufficient to cover the dues.
- d. Valuation Report should not be more than one year old & submission of color photographs of securities while submitting the OTS proposals.
- e. Branch in Charge / Manager to inspect the securities to give certificate about the fairness in the valuation of security.
- f. Condonation of delay; Interest to be recovered at compounded monthly rests.
- g. Staff lapses: Certificate confirming that, the authority approving the OTS proposal did not sanction the particular advance.

Objectives Of Loan Recovery Policy: Mininising NPAs and mininising provisioning by various recovery methods.

Non Legal Methods: Compromise, Invoking claim with ECGC/CGMSE, Sale of Assets to ARCs, Banks, NBFCs etc.

HO Recovery Committee:

- **4 GMs.** GMs of Recovery Wing, Strategic Planning and Development Wing, Risk Management Wing, Priority Credit Wing.
- The Committee will look into OTS and other proposals involving sacrifice falling under the powers of ED / CMD / MC
- Meetings as and when required.

CO Level Recovery Committees:

- Circle-head – Chairman; Members: Executive overseeing {Credit + Recovery + Credit Review + Executive in charge of ARMB + Any other executive as decided by the Chairman}
- Meeting once in a month. Proceedings sent to HO Recovery wing.

Functions Of Co Recovery Committee:

- Review and follow up of SWL.
- Individual review the accounts with liability of Rs.10.00 lacs and above slipped to NPA.
- Review the NPA position, slippages, Recovery performance, progress in SARFAESI Action, etc. of the Circle and identified branches; ARM branches.
- In case of newly slipped NPA accounts, decision to Revival/ upgradation etc to be taken in 45 days and if revival is not possible, proceed with recovery steps within total period of 60 days from the date of becoming NPA.

There are various decisions clearly establishing that the Crown Debts do not have priority over the dues of secured creditors (unless specifically provided by the State in the relevant Act itself).

- In respect of accounts where the suit claim is Rs.1.00 crore and above + Falling within the LPD transfer delegated powers of the Circle and filing DRT cases, Circles can permit entrustment of cases to the advocates who are in the HO Panel
- In respect of suit filed accounts, valuation charges are to be absorbed by the Bank
- There is no need to seek approval from CO about the passing of Advocate Bills upto the **suit claim of Rs.5.00** lacs as per the schedule rate. Where the suit claim is more than Rs.5.00 lacs, the bills are to be got approved from the Circle Office

Settlement formula for compromise: non wilful defaulters:

Realizable value of security is sufficient to cover the contractual / decretal dues:

- Recovery of full amount may be permitted by respective sanctioning authority
- If it is not possible, book liability as on the cutoff date plus simple interest @ Base Rate plus 1% as on the date of proposal : Permission by Next Higher authority to otherwise normally delegated authority.
- Paying less than the amount due to the Bank arrived at as above or the book liability : Permission by : Next higher authority at HO depending upon the sacrifice involved (GM Recovery Wing, HO and above).

Realizable Value Of Securities + Net Worth (Put Together) Of The Borrowers/Guarantor/S/ Coobligant/S Is Sufficient To Cover The Bank's Dues

- Recover Not less than the book liability as on the cutoff date along with simple interest at not less than 1% below the Base Rate as on the date of proposal: permission by concerned sanctioning authority
- In exceptional cases where parties are paying less than the above : Next higher authority other than the one within whose delegated powers the proposal otherwise falls. (not applicable to HO authorities)

Securities + Net Worth of the borrowers/ guarantor/s/ co-obligant/s is not sufficient or negligible to cover the bank's dues:

- Recover the maximum amount possible, keeping in view the realizable value of securities/NW

Settlement Formula For Compromise: Willful Defaulters

- Willful Defaulters are debarred from institutional finance from Banks / FIs, etc. for floating new ventures for a period of 5 years from the date the names of willful defaulters are disseminated in the list of willful defaulters, etc
- Settlement of dues of Wilful Defaulters, proposals shall be entertained and decided by Management Committee of the Board irrespective of amount of default

Parameters:

1. **If realizable value of security is sufficient:** Try to recover full amount.
2. **If not:** Try to recover the book liability as on the cut off date plus simple interest at **Base Rate plus 3%** as on the date of proposal.
3. **If realizable value of securities + net worth** is sufficient: Try to recover not less than book liability as on the cut off date along with simple interest at **Base Rate plus 2%** as on the date of proposal. {NW = borrower/s/ guarantor/s/ Coobligant/s's NW put together}
4. If securities + networth is not sufficient: Try to recover the maximum possible.

Guidelines on settlement of educational loans, housing loans, canmobile loans:

- In the normal course, Circles should avoid OTS in respect of Housing Loans, Canmobile and Educational Loans.
- If unavoidable, it should be ensured that the write off is avoided.
- If write off is involved, the same shall be permitted by Circle Head only

Guidelines on offer for ots by drawees of bills:

- Proposals should be permitted only by the Circle Head upto and inclusive of the delegated powers of the Circle Head. All other proposals - Next higher authority at H.O

Guidelines On Release Of Guarantor/S/ Co-Obligant/S With Or Without Release Of Security Created By Him / Them:

- Treated as OTS
- Sacrifice up to the delegated powers of GM : GM - Recovery Wing – HO.

Guidelines for release of security alone without the release of personal liability:

- Offered amount not less than value of security, remaining liability is covered by available remaining securities: concerned authorities at CO can take decision.
- Where the balance liability is not adequately covered :

Book liability	Power to permit is with
upto Rs 1.00 Crore	Circle Head
above Rs 1.00 Crore and upto Rs. 5.00 Crore	GM - Recovery Wing – HO
above Rs 5.00 Crore and upto Rs.10.00 Crore	ED.
more than Rs.10.00 Crore	C&MD

Settlement of dues / indirect dues of ex-employees:

- If loan is availed during his services in the bank: CMD or ED in the absence of C&MD.

Settlement Formula For Compromise In Respect Of Agricultural Loans With Liability Below Rs.10 Lacs Classified As Doubtful Or Loss Assets

Realizable value of security is sufficient	Book liability as on the cut off date + simple
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	interest at 5% (on reducing balance).
Realizable value of securities + net worth is sufficient (NW = NW of Br+Gtr+Coob)	Book liability as on the cut off date + simple interest at 4 % (on reducing balance).
Realizable value of securities and/or networth of the borrowers/ guarantor/s/coobligant/s is not sufficient or negligible	The maximum amount possible
The normal delegated powers shall apply.	
Bank may at its discretion permit time upto 6 months from the date of communicating orders, without charging interest on OTS amount.	
Fraud / criminal complaints filed cases shall be excluded. If the farmer is innocent and not a party to fraudulent acts, such accounts may be covered under the above mentioned settlement formula.	

Calculation of unapplied interest for internal purpose: for exercising the powers delegated for write off / waiver of interest:

- In respect of all NPA accounts except decreed accounts, the amount of unapplied interest is calculated at **Base Rate plus 4% or contractual rate including penal rate** (whichever is **lower**) on **simple basis** from the date of LPD / classification as NPA whichever is earlier, till the end of the **quarter immediately prior** to the date of submission of the proposal.
- In respect of **decreed accounts**, the **rate as above** applied **up to** the date of **filing of suit and** at the **rates awarded by the court** from the date of suit or **Base Rate plus 4% simple** whichever is **less**.

Time limit for payment of compromise amount:

- Try to collect the OTS amount within the shortest possible period.
- The payment period may not ordinarily exceed a period of **12 to 18 months** from the date of conveying the sanction. (longer repayment period in exceptional cases)

Charging of interest on compromise amount:

- The compromise amount shall carry interest at Base Rate plus 4% (Simple) from the date of communicating the orders of acceptance to the party till the date of payment.
- Wherever parties seek time for payment of compromise amount for genuine reasons, then at the time of sanction, Bank may at its discretion permit time upto 3 months from the date of communicating the orders, without charging interest on the OTS amount

Recovery In Cases Involving Frauds

- If the settlement proposal is accepted, it **will relate only to the recovery proceedings and shall not in any way affect the criminal action taken by the Bank, which shall continue.**
- Where **consent orders** are obtained from Court/DRT, a **specific clause** should be incorporated stating that the settlement shall not be construed as settlement of the ongoing criminal cases pending in the Court against the borrowers

General guidelines:

- Compromise Proposals where sacrifice, write off does not exceed Rs.25,000/- : simplified format. If exceeds Rs.25,000/- NF 724
- Valuation Report should not be more than 1 year old as on date of compromise.
- Along with OTS proposal, the observations on the valuation report by branch-in-charge/ Manager who visited the securities / properties and **colour photographs of the securities** duly signed by the panel valuer and branch-in-charge/ Manager should also be forwarded to the sanctioning authority
- As per RBI guidelines, while entering into OTS, it is to be ensured that the OTS amount is not less than the **net present value (NPV)** of the estimated cash flows associated with the realizable value of the available securities net of the cost of realization
- **Legal notice:**Respective sanctioning authorities are empowered to issue legal notice. However, in respect of sanctions by the Management Committee of the Board and Chairman & Managing Director, Executive Director is authorised to permit issuance of legal notice.
- **CONDONATION OF DELAY:** Wherever for genuine reasons, the borrower approaches the Bank for condonation of delay after the due date, for payment of compromise / OTS amount and if such delay is **not exceeding 12 months** from the **original** due date for payment, in such cases on merits, the sanctioning authority can condone the delay at its sole discretion, with interest at **Base Rate plus 4% Compounded monthly** for the delayed period.
- **Beyond 12 months:** Proposal may be considered afresh on merits
- **Review Of Compromise/Ots Permitted By Various Authorities:** All proposals will be reviewed by next higher authority. Periodicity: Upto GM(HO) : Review by next higher authority: Monthly. Above authorities: Quarterly review.
- **Issue Of No Due Certificate:** If full amount is paid, it can be issued. OTS settlement: Fact of OTS should mentioned in No Due Certificate.
- By waiving legal action, bank **loses only its right of recovery through legal process.** However, it does **not** vitiate its **right of appropriation** of the amount received in the ordinary course of business or other recovery measures
- **Prudential Write Off:** Bank may write off advances at HO level, even though the relative advances are still outstanding in the branch books. The details of accounts and amount prudentially written off shall be **kept in Head Office Books under “Advances – Technical Write Off.**
- **Recovery In Written Off Accounts:** Our share of recovery should be **remitted to Balance Sheet Section, FM Wing, HO** by furnishing relevant references, in case, the recovery is effected in the same **financial year in which account was written off.** If the **recovery** is made **in the subsequent years**, it should be credited to **Commission – Miscellaneous account** at the Branch.

Advisory Committee

- Consists of one **Retired High Court Judge as Chairman** of the Committee and two former Bankers, who are not below the rank of ED of a Nationalized Bank or Deputy Managing Director of State Bank of India as its members
- All compromise proposals involving a total sacrifice of **Rupees one crore and above** are placed before this Committee and thereafter placed before the appropriate authorities with the recommendations of the Committee

- Their views / comments are recommendatory in nature, but not mandatory.

Fresh finance to OTS borrowers:

- **Need based fresh finance up to Rs.50000/-** may be considered by the **respective sanctioning authority** to the borrowers who are **non-wilful defaulters**, undertaking **agricultural and allied activities**, those **belonging to weaker section** for undertaking all gainful activities and have **repaid at least 10% of the principal amount** of the previous loan before permitting concession / compromise and **only after 3 months** from the date of clearance of the dues under OTS.
- **> Rs.50000/-**: To the non-wilful defaulters - **on a very selective basis**, for such of those **who have cooperated** with the Bank / other Banks /FIs under OTS / Compromise / CDR Package etc. Purely based on merits of the individual cases. Ensure the technical, commercial and economic viability of the unit / project. Permitted by **GM:HO and above** authorities in respect of accounts falling upto their respective powers.

Sale Of Assets To Asset Reconstruction Companies (ARCs):

- Bank may sell to ARC/SC the NPA, including non-performing bond /debenture.
- Bank may sell to ARC/SC A Standard Asset where the asset is under consortium / MBA (A) At least **75% by value** of the asset is **classified as NPA** in the books of other Banks /FIs and (B) **At least 75% (by value)** of the Banks / FIs, who are under the consortium / MBA, **agree to the sale** of the asset to SC /ARC.
- The assets to be sold are to be **identified by the Recovery Committee** at HO.
- The **valuation of the financial assets** is to be got done by the valuer approved by the Bank.
- The sale of the financial assets basing on the highest quotation shall be finalized / **routed through the Recovery Committee and Advisory Committee** at HO.
- The Bank may **receive cash and / or bonds and / or debentures** issued by the SC / ARC as sale consideration for the financial assets sold to them. Such asset should be **classified as investment in the books of the Bank**.
- Apart from the above, the **Bank can also invest** the sale consideration in **security receipts, Pass-through Certificates (PTC)** issued by the SC / ARC. These securities also should be **classified as investments** in the books of the Bank.

Guidelines For Sale Of Assets To Other Banks/NBFC/FI (Other Than ARC/SC)

- Non-performing financial assets should have remained **in the books of the Bank at least for two years**.
- The **sale price should generally not be lower than the NPV arrived at**
- Sale of **non-performing financial assets should only be on cash basis**. The entire sale **consideration** should be **received upfront** and the asset can be taken out of the books of the Bank only on receipt of the entire sale consideration

Delegation Of Powers For DM:

- Transfer of A/c to LPD and filing of suit: Rs.25 lacs
- Waiver of Legal action: Rs.5 lacs.
- Write off/ waiver of UAI (put together): Rs.5 lacs.

- Condonation of Delay in making Payment of Compromise Amount as per OTS permitted By MC of board – Nil powers. Minimum authority is GM:HO
- Purchase/sale of nonbanking asset – NIL. Minimum authority is GM:Circle.

Credit Audit

(Cir 71/2010)

- Applicable for loans of Rs.1 crore and above sanctioned by branches
- Audit by Internal auditors or Empanelled Chartered Accountants
- To conduct audit after 3 months of first disbursement but before 6 months of disbursement.
- Areas to be covered under Audit: Appraisal, Conformity with guidelines, Credit Risk Rating, Assessment, Sanction, Follow up, Documentation, Charge Creation, EMT formalities completion, Operations in the Account.
- 10 Nodal Circles are identified. Other Circles to liaise with nodal Circles for completion of audit.
- Credit Audit report is to be closed with in 90 days. If Multiple Banks are involved, it should be closed with in 180 days

Guidelines for engaging recovery agents by the bank

(Cir 262/2010,430/2010)

- The power to empanel/de-panel the RA would be vested with the Head Office **with the permission of C&MD of the Bank.**
- Before taking possession of securities, bank has to issue recall notice and also issue a notice to the borrower/ mortgagor before taking possession of security/property giving him **15 days time to clear the dues** and informing him the consequences of nonpayment thereof. However, such notice may be waived if the bank receives information from reliable source that the Borrower is attempting to sell, alienate, transfer or dispose of the security/ property or the security/ property is about to be occupied by third party or under any other circumstances in which the bank believes it appropriate to waive the notice
- Not Applicable to Accounts where SARFAESI Action is initiated and under progress.
- **At present, our Bank is having Recovery agents under 3 categories**
- Category 1): **Seizure Agents under SARFAESI Act** : A separate panel of Seizure Agents to assist Authorized Officers for taking possession of the property under SARFAESI Act and have circulated the same for the benefit of the branches. Seizure Agents empanelled for the purpose of SARFAESI Act cannot directly approach Borrower or directly seize the vehicles as the said power has been vested with Authorized Officers only.
- Category 2): **Recovery agents : Engaging retired Government employees/ retired employees of Public Sector Undertakings (except ex-employees of our Bank) as Recovery agents** : The retired employees of Govt. / Public Sector Undertakings, permitted by Board of Directors, can be used only for persuasive mode of recovery and their engagement is confined to rural and semi urban areas.
- Category 3): **Recovery Agents:** Can directly seize the vehicle/ tractors, etc.(other than under SARFAESI Act) and approach borrower for recovery on the basis of authorization given by the bank. Such seizure of Assets is done on the basis of power conferred in the hypothecation agreement & other loan documents.

Engaging Retired Employees of Govt / PSUs – Guidelines:

- In rural and semi urban areas only.
- For NPA accounts under doubtful, Loss and written off category with liability not exceeding Rs.10.00 lacs.
- Retired Canara bank employees are not eligible.
- Bank Guarantee/ **Security Deposit** or EMD for **Rs One Lakh** is to be obtained from RA to cover risks arising out of outsourcing arrangement. (as per our Bank's Outsourcing Policy)
- Deposit of approved security may be accepted. (Assignable Life Insurance Policies, units of UTI and other approved MFs, Government Bonds, NSC, GPN, Specified Post Office Term Deposits, 10 year Postal Savings Certificates, IVP, Relief Bonds, KVP, Specified flexi Bonds, Konkan Railway Corporation Bonds, Bank approved and regularly traded shares/debentures etc.)
- RAs have to undergo, minimum 100 hours training conducted by IIBF or their affiliated institutes.
- STC at Bangalore (affiliated to IIBF) shall also conduct Training programme at no loss-no profit basis. Circles may take up with STC Bangalore for providing training.
- Interested person is to submit his application to Branch. Branch → Circle. Circle → Executive Director through Legal Section, Head Office.
- Antecedents + Police verifications shall be done by the Branch
- Each RA shall be required to execute an Agreement.
- **To Avoid Accumulation Of Accounts** with one or two RAs, Branches shall ensure that at no point of time, any RA is having **more than 15 accounts** or liability wise more than **Rs 20 Lakhs** entrusted to them.
- List of accounts (not exceeding 15) should be entrusted to RAs against acknowledgement & after prior permission from Circle head.
- RAs shall not approach any other Borrower until the list is modified.
- Branch to issue authorization letter of the Bank to RAs.

Schedule Of Fees In Case Of Recovery Of Dues Up To 10 Lacs:

- Fee payable on Actual recovery in NPA Accounts under Doubtful Category: 3% of the recovered amount or liability whichever is less, with maximum of Rs 25000/- per account.
- Fee payable on actual recovery in Loss Assets / Written off Accounts - 5% of the Recovered amount or liability whichever is less, with maximum of Rs 50000/- per account.
- **In Case of Settlement / Compromise** on the sole efforts of RA 50% of the amount mentioned above.
- Circles for valid reasons, recommend for payment of higher fee for the permission of ED.

Empanelment of Advocates(BI 78/2010)

- The Circle Head is empowered to empanel the Advocate in the Bank's panel of Advocates. The Circle Head will decide the empanelment / expansion of the panel after analyzing the recommendations of the Branch Manager and considering the volume of Court cases, number of NPA accounts, etc. of the concerned Branches.

Reporting Of Fraud, Theft, Burglary, Robbery & Dacoity
(Cir.81/2009, 334/2010)

- * Branches have to report all cases of actual/suspected frauds immediately on detection (**within 24 hours**) as per format to R&L Section, RO/CO.
- * All fraud cases are to be reported to Police / CBI **within 21 days** of their detection as per guidelines.
- * For filing complaint with local police, branches/offices have to necessarily refer to R&L Section of their respective Circle for permission and guidance.
- * For lodging complaint with CBI, Circle Offices have to obtain **permission from CMD** by placing an Office Note through Vigilance Section, Vigilance Wing HO.

- * In addition to the above, Chief Vigilance Officer (CVO) in consultation with CMD may refer a case involving less than Rs.1.00 Crore or a case which cannot be classified on monetary limits, to the CBI, if, in the opinion of the CVO, the case is of serious nature and / or has an inter-state or international ramifications.
- * In respect of frauds in borrowal accounts involving an amount of Rs.5.00 lakh and above, additional information as prescribed in annexure – II as per HO cir 336/2005 is also to be furnished.
- * **Negligence and cash shortages:** Cases of 'negligence and cash shortage' are to be reported as Fraud if the intention to cheat / defraud is suspected / proved. However, the following cases where fraudulent intention is not suspected / proved at the time of detection will be treated as Fraud and reported accordingly: (a) Cases of cash shortages more than Rs 10000/- and (b) Cases of cash shortage more than Rs 5,000/- if detected by management / auditor / inspecting officer and not reported on the day of occurrence by the persons handling cash.

Frauds involving	Reporting to RBI & Filing of Police complaint
Forged instruments	Only by the paying banker and not by the collecting banker
collection of an instrument which is genuine but the amount is collected fraudulently by a person who is not the true owner	The collecting bank, which is defrauded, will have to file fraud report with the RBI / file a police complaint (FIR).
collection of instrument where the amount has been credited before realization and subsequently the instrument is found to be fake / forged and returned by the paying bank	Collecting bank who has to file FMR-1 with RBI (& also file a police complaint) as they are at loss by parting the amount before realization of the instrument.

Reporting frauds to police / CBI:

Fraud cases involving amount	Reported to
Below Rs.1.00 crore	Local Police.
Financial frauds of the value of Rs 1,00,000/- (one lakh) and above but less than Rs 1.00 crore, which involve outsiders (private parties) & bank staff, should be reported by Circle Office concerned to	Senior Officer of the State CID/Economic Offences Wing of the State concerned.
Financial frauds below the value of Rs 1,00,000/- (one lakh), but above Rs 10,000/-(ten thousand),	the local police station by the branch concerned
All fraud cases of value below Rs 10,000/- (ten thousand), involving bank officials	Referred to the concerned Circle Office by the branch, who would scrutinize each case and then direct the branch concerned on whether it should be reported to the local police station for further legal action.

Fraud cases involving amount	Reported to
Rs.1.00 Crore and above	CBI
Cases of Rs.1.00 Crore and upto Rs.7.5 Crore where staff involvement is prima-facie evident	CBI (Anti Corruption Branch)
Cases of Rs.1.00 Crore and upto Rs.7.5 Crore Where staff involvement is prima-facie not evident	CBI (Economic Offences Wing)
All cases of Rs.7.5 Crores and above	Banking Security and Fraud Cell of the respective centres, which is specialized cell of the Economic Offences Wing of the CBI for major bank frauds.

Attempted Fraud	
Fraud cases involving amount	Reported to

Likely loss less than Rs.1 Cr	Local Police
Likely loss Rs.1 Cr and above	CBI

Delay in reporting of frauds: Viewed seriously by RBI/Board. Bank would be liable for penal action as prescribed under 47A of the BR Act, 1949 and staff accountability shall be fixed in respect of delays in reporting of fraud cases.

Chief Risk Officer(CRO)- Bank shall have Chief Risk Officer (CRO) in a rank of a General Manager to assist CEO of the Bank and to coordinate and supervise all cyber security measures and to take steps to prevent frauds. The CRO will report directly to the C&MD through ED of the Bank. The present team headed by Chief Information Security Officer (CISO) will work under his leadership.

Credit Monitoring Officers At Branches

(Cir no.273/05, 358/05, 63/08, 25/2010)

- Nominating Credit Monitoring Officers and formation of Credit Monitoring Cell is mandatory at branches with Fund Based Limits of Rs.1 crore and above.
- Circle shall conduct CMOs meet every calendar quarter.
- Monthly Report by CMOs: If any specific observation in respect of more than Rs.10 crores, copy of the report to be endorsed to Credit Review and Monitoring Section, RM Wing, HO.
- MTR to be prepared by CMO.
- Carry out Credit Risk Rating under the Manual model (from Rs.20 lacs to Rs.2 crores).
- Follow up receipt of Stock Audit Reports and attend to observations thereof for rectification
- Prepare the Special Watch List of the branch fortnightly after careful scrutiny of the accounts and ensure timely submission

Special Watch & Quick Mortality Statements

(Cir 235/07- Modified Guideines)

- The system of Special Watch accounts is applicable for all Standard Assets.
- This aims at prevention of Slippage of Standard Assets to NPA.
- SWL Statement is grouped into 5 categories-
 - A- To include all borrowal a/cs Limits upto Rs.1 lac
 - B- Includes a/cs limits More than Rs. 1 lac and upto Rs.5 lac
 - C- Includes a/cs limits more than Rs.5 lacs and upto Rs.25 lacs
 - D- Includes a/cs limits more than Rs.25 lacs and upto Rs.1 crore
 - E- Includes a/cs limits above Rs.1 crore
- This is applicable for both Agri & Non-Agri loans
- Due date of the SWL Statement- Category A & B- Last day of the month
- Category C,D & E- Fortnightly, as on the 15th and last day of the month.

Asset Sub Classification Codes

- * **Standard Asset is classified as S1:** Conduct of the account is satisfactory. Current ratio is 1.14 and above. TOL : TNW is not more than 2.50

- * **Standard Asset is classified as S2:** A/c overdrawn beyond limit/DP not more than 6 months. Current ratio is less than 1.14 but above 1. TOL : TNW is above 2.50 but less than 4. Few cheque returns – less than 10% of discounted are turned and recovered within 15 days
- * **Standard Asset is classified as S3:** Frequent over drawings. Current ratio below 1. TOL:TNW above 4
- * **Standard Asset is classified as S4:** All Standard Assets other than the above categories are classified as S4. Standard Assets under SIC, BIFR, Restructured Accounts

Quick Mortality

(Cir 252/2001, Cir 263/2007)

New accounts with liability of Rs.5 lakhs and above and becoming NPA within 12 months from the date of first disbursement.

Credit Risk Rating

(Cir 245/05, 186/07)

Our bank is adopting 4 models under Risk rating.

1. **Portfolio Model-** Applicable for loans upto Rs. 2 lakhs
2. **Small value Model-** Rs. 2 lakhs and up to Rs. 20 lakhs
3. **Manual Model-** For loans above Rs. 20 lakhs and upto Rs. 200 lakhs
4. **RAM Model-** For loans above Rs. 200 lakhs. It is a software package developed by CRISIL
 - Exempted a/cs for risk rating are Retail Loans (other than Cantrade, Doctors Choice). Direct Agricultural loans, loans against our deposits and other approved securities, staff a/c and individual non-priority a/cs where financial statements are not applicable.
 - Rating under Manual Model (>20L to 200 L) will have to be done based on audited balance sheet only.
 - A party has to secure a minimum of 29 marks under Financial risk under Manual Model and minimum 20 marks in Financial Risk in the case of Small value model. If he gets less than prescribed marks under Financial risk, he will slide down to the next higher risk scale.
 - There are 6 Risk Gradations starting from Risk Grade III to Risk Grade VIII. Overall Risk Scoring 100 and above : Low Risk III, 85 to <100 : Normal Risk, 70 to <85(Risk Grade IV): Moderate Risk.

SARFAESI Act 2002

(Cir 2/2007)

- Eligible – above Rs.1 lakh
- Agricultural lands not covered.
- Amount due not less than 20% of principal & interest – ELIGIBLE
- NOT ELIGIBLE: Pledge & Lien and where recovery upto 80% of due amount already effected.
- Possession Notice to Borrower – 60 days from date of notice
- Claim amount exceeding 50 lakhs, notice should be vetted by panel advocate
- Notice can be delivered by regd.post, speed post, e mail or courier. E-mail confirmation has to be sent

- For consortium account, consent of creditors not less than ¾ in value. BIFR cases can be recalled back with consent of 75% of creditors (by value)
- Authorised officer to issue notice: Scale IV and above
- It is applicable for J & K also.
- Borrowers objection to be replied within 7 days
- If borrower still not satisfied, could approach DRT within 45 days.
- 30 days sale notice to be given to party
- Publication in 2 newspapers (one regional and one national) : TWICE ie first time, with in 7 days after taking possession and second time: 30 days sale notice.
- In case of appeal by party against DRT decree, he has to deposit 50% of the amount and appeal to DRAT within 30 days.
- Sale at reserve price to be fixed by bank. Below reserve price, consent of borrower is required.
- Sale by public tender or public auction.
- Sale is confirmed by bank on receipt of 25% of the amount immediately and balance payable in 15 days.
- Approved Valuer means a person registered as a valuer under Section 34 AB of the Wealth Tax Act 1957 and approved by the Board of Directors or Board of Trustees of the secured creditor as the case may be – Amendment wef 26.10.07 Cir 47/2008
- Rights of Creditor: To take possession, takeover management, appoint manager, recovery money receivable from third parties.
- **Possession notice** as referred to in sub rule (1) shall also be **published**, as soon as possible but in any case not **later than seven days from the date of taking possession** in two leading newspaper, one in vernacular language having sufficient circulation in that locality, by the authorized officer - amendment wef 26.10.07 Cir 47/08
- DRT pending case: Bank can make use of SARFAESI Act for sale of security for such cases.

CERSAI

(Cir 126/2011, 151/2011)

- * A Central Registry has come into effect from 31st March 2011. Government of India has made it compulsory that Equitable mortgages created by way of deposit of title deeds are registered with the Central Registry within 30 days from the date of creation of the mortgage. As per provision of SARFAESI Act a company has been formed named 'Central Registry of Securitisation Asset Reconstruction and Security Interest of India' (CERSAI) with 51% paid up capital to be held by Central Government and the remaining 49% of the paid up capital to be shared amongst the top 10 PSBs and National Housing Bank. Delayed registration will need specific permission from the Central Registrar subject to payment of penalty. Fee Structure-Rs.500/- for loan above Rs.5.00 lacs and Rs.250/- for loan up to Rs.5.00 lacs. (www.cersai.org.in)
- * **Payment**-As per the guidelines given by IBA, bank has deposited Rs. 5,00,000 as advance with CERSAI and the said amount will be adjusted towards registration fees payable by our bank. Since, it is obligatory on the part of the bank to register the transaction with CERSAI, bank can recover the said amount from the borrower (fee : Rs. 500/- for loan above Rs.5.00 lacs and Rs.250/- for loan upto Rs.5.00 lacs). There should be a certificate from the PA holders that registration of EMTs of properties enforceable under the SARFAESI Act 2002 with CERSAI is completed and the applicable charges

are collected to the debit of party's account in NF-482. The amount is to be credited to commission A/c.

LOK Adalat

(LDGMs 60/91 and 35/92 & cir no.267/01)

- Amount : upto Rs.20 lakhs. Above Rs.20 lakhs, DRT Lok Adalat.
- Created under Legal Service Authority Act 1987
- No appeal against decision as the decree is consent decree.
- Banks can call Lok Adalat with application to High Court.
- Repayment: Preferably down payment. Maximum permissible: 1 to 3 years.

Debt Recovery Tribunal

(Cir no.7/95, 198/95)

- Constituted under recommendation of Narasimhan Committee in 1991
- Created under Receovery of debts Due to Banks and Financial Institutions Act, 1993. Cases can be filed by only Banks and Financial Institutions
- Cases of Rs.10 lacs and above. Other than DRT no other court having jurisdiction for these cases ie Rs.10 lacs and above.
- Disposal of case by DRT: With in 180 days, By DRAT also disposal in 180 days.
- DRT headed by President, Assisted by Registrar and Recovery Officer.
- Appeal to DRAT with in 45 days from date of receipt by depositing 75% amount. DRAT may reduce or waive this amount.
- The Act applies to whole of India except J & K.
- After claim is upheld, Recovery certificate is issued. Recovery Officer has powers such as attachment etc.
- Appeal to President of DRT against orders of Recovery Officer with in 30 days and appeal against Registrar with in 15 days.
- Fee: Rs.12,000/-. For each additional Rs.1 lakh: Rs.1000/-, maximum Rs.1.50 lakh. For appeal, Rs.12,000/- for debt less than Rs.10lacs. Rs.20,000/- for 10 lacs to less than 30 lacs and Rs.30,000/- for 30 lacs and above.

Corporate Debt Restructuring

(315/05)

- Committee: Shyamala Gopinath committee
- Based on mutual agreement
- Multiple banking Corporate account with exposure of Rs.10 crore & above
- 2 categories: Category 1 covers Standard and Sub-standard account
- Category 2 covers doubtful assets
- Standstill clause : 90 days
- Decision binding by all creditors where 75% creditors by value and 60% by number agree.

Restructuring Of Advances

(Cir 245/2010, 356/2010):

- Identification will be generally done by branches and a screening committee at CO level will confirm the identification, for loans of above Rs.25 lakhs and also SARFAESI initiated accounts.
- Preparation of viability report in case of Restructuring: Upto Liab.Rs.25 lakhs, Consumer Loans, Loans to Micro Enterprises: branch can undertake viability study. Rs.25 lakhs to Rs.2 crores: Empanelled valuer, above Rs.2 cr: PAC at CO or PAG at HO.
- Benchmark Parameters for viability: Micro Enterprises: DSCR not less than 1.10, Small Enterprises : 1.25 (may be considered upto 1:1 also). ROCE should be BPLR-2%, IRR should be atleast 2% above cost of capital.
- Loan Life Ratio: 1.25 (**LLR** = Present value of total Available Cash Flow during loan life period divided by Maximum amount of Loan)
- The extent of **Bank's sacrifice** amount computed on net present value method would not exceed **15%** of the amount of restructured dues to the Bank in case of Micro, Small Enterprises and not exceeding 10% in case of Medium and large enterprises.
- The promoters' sacrifice and additional funds required to be brought in by the promoters shall generally be brought in upfront. However, if banks are convinced that the promoters face genuine difficulty in bringing their share of sacrifice immediately and need some extension of time to fulfil their commitments, the promoters could be allowed to bring in 50% of their sacrifice i.e. 50% of 15%, upfront and the balance within a period of one year.
- In case the promoters fail to bring in their balance share of sacrifice within the extended time limit of one year, the asset classification benefits derived by Bank in terms of Enclosure-II (E) of Cir. No. 245/2010 will cease to accrue and such accounts shall be classified as per guidelines furnished in Enclosure-II (A) of the said circular.
- Further, the contribution by the promoter need not necessarily be brought in cash and can be brought in the form of de-rating of equity, conversion of unsecured loan brought by the promoter into equity and interest free loans.
- Recompense amount should be paid within **two years** of last installment of restructured loan.
- Relief for Housing Loans in case of Restructuring: Extend additional repayment holiday: max.6 months where repayment not commenced. If repayment commenced, repayment can be extended within 25 yrs period or age of borrower not exceeding 70 years.
- Other personal /consumer Loans: Selectively, for genuine cases, repayment can be extended by 12 months to contracted period.
- **Specified period:** Specified period means a period of **one year** from the date when the first payment of interest or installment of principal falls due under the terms of the restructuring package
- In case of CDR, authorization to a senior official will be accorded by C&MD to attend CDR empowered group meetings or Triggering CDR mechanism.
- Asset Classification: Normally classification as on the date of acceptance of restructuring is relevant. However, RBI has permitted the classification to be restored to that as on date of application received by the bank for restructuring provided Bank approved package is **implemented** as per the following time schedule :
NON-CDR - Within 90 days from the date of receipt of application by the Bank.
CDR- Within 120 days from the date of approval under CDR mechanism
- The Debtor-Creditor Agreement (DCA) shall provide the legal basis to the Restructuring

- Delegation of Powers: Only Rephasement/Restructuring of Installments: Concerned loan sanctioning authority. If WCTL/FITL is involved: Authorities at CO/HO level.
- Reliefs: Existing term loan may be rephrased to 10 years in case of small enterprises and 7 to 10 years in case of medium and large enterprises.
- Promoter's contribution: Promoters' sacrifice and additional funds brought by them should not be less than 15% of the Bank's sacrifice
- **KCCS/Operative loans:** Convert the liability into a loan repayable in **3-5 years** in suitable installments
- **Gold Loans:** Deferment of outstanding liability upto a maximum period of **one year**
- **Investment Loans :** Rescheduling the repayment by 1 to 3 years (5y in deserving cases) with 1 year moratorium.
- Deveopment Loans: Rescheduling repayments by 3 to 5 years(7y selectively) inclusive of 1 year moratorium
- Allied Activities: Tenor may be extended by a) 1 to 3 years for short term loans and 3 to 5 years for term loans.
- Evaluation of Restructuring of Agricultural Proposals: DSRC : Not less than 1.25, CR not below 1.14, IRR :2% above rate of interest on restructured loan. Viability Study: Rs.25 lacs to Rs.1 cr: By AEO/Br Mgr vetted by AF Sec, CO. More than Rs.1 crore: ACS at HO.
- In case of a **restructured asset**, which is a standard asset on **restructuring** and is subjected to **restructuring on a subsequent occasion**, it should be **classified as substandard**.
- As per the extant RBI guidelines on, a **grace period of two years** for **Infrastructure Projects** and **six months** for **other than infrastructure projects** is available for commencement of commercial operations after the originally envisaged date of completion of the project, for the purpose of retaining the standard asset classification, provided the account is serviced regularly.

Wilful Defaulters

(cir 36/2007)

- Definition: Ability to Repay but defaulted OR Diversion of funds and Defaulted OR Siphoned off funds & defaulted OR Disposed off the security & defaulted.
- **Identification Of Willful Defaulters: Cir: 191/2008**
- It has been decided to extend the above guidelines to all accounts with liability **less than Rs.25.00 lacs also upto and inclusive of Rs.5.00 lacs.**
- **General Manager**, Recovery Wing shall identify and confirm all wilful defaulters for accounts with liability **less than Rs.25.00 lacs** and inform the Circles to issue notice to all such defaulters informing our intention to classify them as Wilful Defaulter.
- The borrowers shall be given **15 days' time** to submit their grievances if any and if no communication is received, then they shall be declared as Wilful Defaulters.
- For accounts with liability of **Rs.25.00 lacs and above**, the identification **committee at HO** shall identify all such accounts and inform the Circles to intimate each such defaulters about our intention to classify them as Wilful Defaulter by giving 15 days' notice to submit their grievances if any.
- **Publication/display of photographs of property along with sale notice issued under SARFAESI act on website of the bank and in other reputed commercial websites:** Circle Offices are permitted to publish/display the same on website of the Bank and to

- incur an **expenditure** upto a **maximum of Rs.2000/-** per display/publication on other reputed commercial websites to the debit of General Charges – Miscellaneous Expenses.
- Wilful defaults with liability of Rs. 25 lacs and above to be reported to RBI on quarterly basis. Non suit filed – to RBI and Suit Filed to CIBIL (information to be furnished)
 - They are debarred from institutional finance from banks for a period of **5 years** from the date the name of wilful defaulter is disseminated by RBI.
 - There is scope for criminal action against Wilful defaulters depending upon the facts and circumstances of the case under the existing provisions of Section 403 & 415 of the IPC 1860
 - **Cir. 261/2007:** Branches can publish the photographs and details of willful defaulters (and names of the guarantors) with a liability of above **Rupees Ten Lacs** and names of guarantors in newspapers. Permission of DGM of the Circle shall be obtained before publication.
 - Reasonable time of **30 days** shall be given to the defaulters/ guarantors to regularize / settle their liability before publication. Publication shall not be effected before expiry of 30 days from the date of receipt of the above said notice by the defaulter.
 - In case of company, photographs of Directors on whom bank has a right of recourse ie Directors who extended Personal Guarantee only be published
 - Publication shall be made in ONE LOCAL DAILY having wide publicity for better impact
 - Publication shall not be made in case of suit filed accounts/decreed accounts unless there is a direction of the court to publish or there is a prior permission from head office
 - Exemptions: Photo of distressed farmers, Where marriage / death is there in their houses and accounts which are eligible for restructuring
 - Photo to be given for publication, to be attested by Authorised Officer of the bank
 - Branches to report the particulars of newly identified wilful default parties in Format 12 – A to their respective circles as and when identified, not waiting for the quarter end (A format of Form No. 12 –A is annexed). (Cir.181/2010)

Revised Definition Of Non Sick Ssi/Weak Units:

(Cir 116/08)

- **A Non SSI Sick Unit** is a Non-SSI Industrial undertaking (regardless of type of incorporation) whose accumulated losses, as at the end of the latest financial year, equal or exceed its entire net worth viz. Paid up Capital and free Reserves).
- **A Non SSI Weak Unit** is a Non SSI industrial undertaking (regardless of type of incorporation) if (a) any of its borrowal accounts (principal or interest) has remained overdue for a period exceeding one year or (b) there is erosion in the net worth due to accumulated losses to the extent of 50% of its net worth during the previous financial year.
- **SICK SSI:** SSI where principal or interest remains overdue for more than 1 year OR where there is erosion of NW due to accumulated CASH losses to the extent of 50% of its net worth during the previous accounting year and where the unit has been in commercial production for atleast 2 years.

Recovery Contest

(393/2010).

- Period of Contest 01.04.2010 to **31.03.2011**

- Cash Recovery effected in Doubtful & Loss Asset accounts of Rs.5 lacs and below outstanding as at 31.12.2009 are eligible for contest.
- Cash Incentives: SSTD – 1%, DF - 3% , Loss - 5% or Written Off - 10% on amount of Recovery
- To become eligible for cash incentive, an employee has to make minimum total cash recovery of Rs. 1 lac. The total cash incentive to be paid to an employee shall not exceed Rs.30,000/-

Special Scheme for Settlement of Small Value NPAs of Rs.5 lacs & below(Cir 165/2011)

SYNOPSIS

- The Scheme covers Doubtful and Loss Assets with aggregate Book Liability upto Rs.5.00 lacs (as on date of NPA) outstanding for more than one year as NPA.
- Delegation of powers to Branch-in-Charge for settlement of Small Value NPA accounts under Loss Assets with Book Liability upto Rs.25,000/- . covering a maximum 25 accounts in a financial year.

The details of the Schemes are as furnished below:

(A) Special Scheme for Settlement of Small Value NPAs

ELIGIBILITY :

- The scheme shall cover suit filed accounts, decreed accounts, revenue recovery initiated accounts, accounts wherein action under SARFAESI Act is initiated, non suit filed accounts, LAW accounts, including CANCARD dues having Book Liability of Rs.5.00 lacs & below AS ON DATE OF NPA.
- The Scheme shall cover all Doubtful and Loss Assets which are outstanding for more than 1 year as NPA having Book Liability of Rs.5 lacs & below as on the date of NPA.
- The Scheme shall not cover Gold Loans, Housing Loans, Canaramortgage and Canararent loans.
- Canbudget and other salaried accounts can be covered under the Scheme provided there is no scope / chances of recovery through salary mandate OR the borrower is unemployed for long.
- The Scheme shall not be applicable to loans granted to employees/ex-employees and their close relatives.
- Educational / Canaramobile loans though can be brought within the purview of the Scheme, the same has to be permitted by the authority as mentioned in Recovery Policy of the Bank.

- In respect of Tractor Loans / Pumpset loans, etc., where Fraud has been established involving the borrowers and criminal complaints filed, etc., may be excluded from the purview of the scheme. However, wherever farmers are found to be innocent and are not party to such fraudulent act (fraud perpetrated by dealers, middlemen, etc.) can be included under the scheme.

II SETTLEMENT FORMULA:

(i) DOUBTFUL ASSETS :

- For accounts with Book Liability upto Rs.2.00 lacs as on date of NPA:
 - o Where realizable value of security is above 150% of the Book Liability-
Minimum of 100% of the outstanding Book Liability.
 - o Where realizable value of security is 100% and above but less than 150% of the Book Liability –Minimum of 80% of the outstanding Book Liability.
 - o Where realizable value of security is less than 100% of the outstanding Book Liability – Minimum of 80% of the realizable value of security or 60% of the outstanding Book Liability whichever higher is to be recovered.
- For accounts with liability above Rs.2 lacs and upto Rs. 5.00 lacs as on date of NPA:
 - o where realizable value of security is more than 100%of the Book Liability –
Minimum of 100% of the outstanding Book Liability.
 - o where realizable value of security is less than 100% of the Book Liability – 80% of the realizable value of security or 60% of the outstanding Book liability whichever is higher.

Note : Security mentioned above includes collateral / attached securities also.

(ii) LOSS ASSETS:

- For accounts with outstanding Book Liability upto Rs.25000/-. Maximum possible amount to be recovered without any stipulation for minimum amount.
- For accounts with outstanding Book Liability above Rs.25000/- & upto Rs.2.00 lacs :
Atleast 25% of the Book Liability as on the date of settlement in one lump sum to be recovered.
- For accounts with outstanding Book Liability above Rs.2 lacs and upto Rs.5.00 lacs :
Atleast 50 % of the Book Liability to be recovered.

(iii) REPAYMENT PERIOD :

- Down payment of 10-25% to be insisted upon on the day of settlement (For loss assets refer item No. (ii) also).

- Balance amount to be paid within a maximum period of 60 days in respect of accounts with Book Liability below Rs.2 lacs.
- Balance amount to be paid within a maximum period of 90 days in respect of accounts having Book Liability between Rs.2 lacs and Rs.5 lacs.

(iv) SANCTIONING AUTHORITY:

The proposal shall be permitted by the concerned authorities as per the delegated powers.

Note:

- a) Sacrifice means the total amount covering the write off amount and unapplied interest {calculated at Base rate + 4 %(S)} to be waived as per Recovery Policy guidelines.
- b) The person who has recommended/sanctioned loan should not permit the settlement and such cases to be referred to next higher authority.
- c) Proposals in respect of Educational /Canaramobile loans are to be permitted by the authority as mentioned in Recovery Policy of the Bank.

Settlement permitted under the scheme shall be placed before the next higher authority for the purpose of review every month.

(v) VALUATION OF SECURITIES:

The Branch-in-charge can decide upon the value of the securities depending upon the prevailing market value / guidelines value / saleability of assets, etc. The value can be arrived at by taking into consideration applicable depreciation as per extant guidelines for machineries and other movable assets. In case of need, fresh valuation also may be got done through panel valuer.

(B) Powers delegated to Branch-in-Charge for settlement of small value NPAs under Loss Assets with Book Liability up to Rs.25000/-

SETTLEMENT FORMULA:

- a) The original sanctioned limit/loan amount in these accounts should not be more than Rs.2 lacs.
- b) Minimum of 30% of the Book Liability to be recovered in one lump sum.
- c) Branch-in-Charge can permit & exercise the power delegated for a maximum number of 25 eligible Loss Assets in a financial year.
- d) For beyond 25 accounts, branches can obtain permission from Circle for enhancing the cut-off limit.

Modifications To NF 817: (CIR: 93/ 2010)

- Bank has modified the cut off limit of NF 817 i.e. simplified format for recommending transfer of account to LPD/Waiver of legal action / filing of suit –increased from Rs.25000/- to Rs.2.00 lacs.
- The accounts to be covered in this format should not exceed 25.

Legal notice:

- Respective sanctioning authorities are empowered to issue legal notice. However, in respect of sanctions by the Management Committee of the Board and Chairman & Managing Director, Executive Director is authorised to permit issuance of legal notice. **(Cir.281/2010)**

Basel II & Risk Management

- ★ BASEL II Norms have been implemented in our bank w.e.f 31/3/2008
- ★ Three pillars of BASEL II are 1. minimum capital requirement 2. Supervisory Review 3. Market discipline
- ★ Minimum CAR (Capital Adequacy Ratio) to be maintained by banks in India is 9%. From the earlier Regulatory capital, we are now moving to the era of Economic capital
- ★ BASEL II has taken into account only 3 types of risks for arriving at CAR. They are Credit Risk, Market Risk and Operational Risk
- ★ To begin with credit risk is to be calculated under standardized approach
- ★ Market risk will be calculated under standardized duration Approach
- ★ Operational risk will be calculated by Basic Indicator Approach
- ★ RBIA (Risk Based Internal Audit) has been introduced in our bank w.e.f 1/4/07 and the same is applicable for all branches of the bank.
- ★ RBIA is relevant to Pillar 2 of Basel II Accord viz. Supervisory Review.

- ★ Incident reporting has been introduced in the bank as part of the Operational risk.

Tier I Capital

- Paid Up Equity Capital
- Statutory Reserves
- Other disclosed free reserves, if any
- Capital Reserves representing surplus arising out of sale proceeds of Assets
- Innovative Perpetual Debt instruments (IPDI) (either Indian Currency or Foreign Currency) – Maximum 15% of Tier I Capital
- Perpetual Non Cumulative Preference Shares (PNCPS) - Both IPDI & PNCPS not to be more than 40% of total Tier I Capital.

Tier II Capital

- Revaluation Reserves(at a discount of 55%)
- General Provisions and Loss Reserves(maximum 1.25% of Risk Weighted Assets)
- Subordinated Debt
- Hybrid Debt Capital Instruments
- Undisclosed Reserves and cumulative perpetual preference shares
- Redeemable cumulative preference shares
- Redeemable non-cumulative preference shares
- Tier II Capital can not exceed 100% of Tier I Capital
- Total Subordinated Debt under Tier 2 capital will be limited to 50% of tier I capital
- Banks have to maintain a Tier I capital of atleast 6% (out of 9% total capital). Banks which are below the 6% level at present, have to achieve this ratio on or before March 31, 2010.

Risk weights for important aspects:

- Loans to Central Govt./State Govt. (Sovereign exposures) : 0%
- Loans guaranteed by State Govt. : 20%
- Claims on RBI, DICGC and CGMSE : 0% // Claims on ECGS : 20%
- Claims on BIS, IMF, IBRD, IFC, ADB: 20%
- Claims on Domestic Banks where CAR 9% & and above: 20%, CAR 6-<9%: 50%, CAR 3 to <6% :100%, CAR 0% to <3% :150%, Negative CAR: 625%
- Secured Loans to staff members where mortgage is available or other securities are taken or Terminal Benefits are offered as security: 20% (other unsecured staff loans : 75%)
- Housing Loans upto Rs.30 lakhs (where LTV is <75%) : 50%
- HLs above Rs.30 lakhs where LTV is < 75% : 75%
- HLs irrespective of quantum of loan where LTV is >75% : 100%
- Loans to Unrated Corporates : 100% // Loans guaranteed by ECGC: 50%
- SME advances upto CGMSE guarantee: 0%
- ELs under Basel I : 100%, Basel II : 75% (now under Regulatory Retail
- Gold Loans upto Rs.1 lakh: 50% (now removed vide cir 423/09 as Gold Jewellery is eligible for financial collateral
- Consumer Credit, Credit Cards, Capital Market exposure: 125%
- Commercial Real Estate, NBFCs : 100%
- Claims on Venture Capital Fund : 150%

- Long Term claims on Domestic Corporate basing on Risk Rating: AAA(P1+) :20%, AA(P1) :30%, A(P2) :50%, BBB(P3):100% Unrated : 100%, BB and below (P4,P5) : 150% (ratings in brackets:CRISIL's rating for short term corporate)
- **Branch Adjustment Account:** Outstanding under Branch Adjustment Account attracts 100% Risk Weight for Capital Adequacy Ratio and full provision for the amount outstanding beyond six months under this head
- **Sundry Assets:** 100% Risk Weight.

Risk Weights For NPAs (Basing on Provisioning on NPA)

- Unsecured portion of NPA where specific provision is < 20% : 150%
- If provision is atleast 20% :100%
- If Provision is atleast 50% : 50%

Segment Reporting (Cir 70/2009 & RBI Guidelines)

- Banks are required to adopt the three business segments viz. 'Treasury', 'Other Banking Business' and 'Residual' as the uniform business segments
- "Domestic" and 'International' as the uniform geographic segments for the purpose of segment reporting under AS-17.
- Segment of 'Other Banking Business': Corporate / Wholesale Banking, Retail Banking and Other Banking Operations.
- Accordingly, banks will adopt the following business segments for public reporting purposes, from March 31, 2008: (a) Treasury (b) Corporate / Wholesale Banking, (new) (c) Retail Banking, (new) (d) Other Banking Business
- **Treasury:** 'Treasury' for the purpose of Segment Reporting should include the entire investment portfolio
- **Corporate / Wholesale Banking:** Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under 'Retail Banking'.
- **Other Banking Business:** 'Others Banking Business' would include all other banking operations not covered under 'Treasury', 'Wholesale Banking' and 'Retail Banking' segments. It will also include all other residual operations such as para banking transactions / activities.

Retail Banking: 4 Criteria:

1. **Orientation criterion** :Individual or persons or small business with annual turn over less than Rs.50 crores (average 3 years)
2. **Product criterion:** revolving credits and lines of credit (including overdrafts), term loans and leases (e.g. instalment loans and leases, student and educational loans) and small business facilities and commitments.
3. **Granularity criterion:** No aggregate exposure to one counterpart should exceed 0.2% of the overall retail portfolio. 'Aggregate exposure' means gross amount (i.e. not taking any benefit for credit risk mitigation into account) of all forms of debt exposures (e.g. loans or commitments) that individually satisfy the three other criteria.
4. **Low value of individual exposures** - The maximum aggregated retail exposure to one counterpart should not exceed the absolute threshold limit of Rs.5 crore.

Note : It is clarified that individual housing loans will also form part of Retail Banking segment for the purpose of reporting under AS-17.

- **Haircut:** Basel II prescribes certain cuts to the value of the security as also to the exposures to factor the volatility in the value of accounts of Market movements. The prescribed Haircuts are:
 - Cash : 0%
 - Forex Exposure : 8%
 - NSC, KVP will be as applicable to AAA rated companies(cir no.41/06)

Risk Based Internal Audit (RBIA)

(Cir 120/07 & 34/2008, 123/08, 3/2011)

Risk Rating Of Branches: Tips to Ensure Better Rating: (Cir.273/2009, 3/2011)

- The Bank has introduced **Risk Based Internal Audit** W.E.F 1st March 2003.
- Bank replaced the system of Regular inspection/IS Audit with Risk Based Internal Audit w.e.f 01.04.2007 (Cir.120/2007)
- Risk Profile cum **Risk Rating chart** was redesigned. Cir.123/2008.
- **Risk Rating System:** Branches are categorized in **5 Scale Matrix** viz; Low Risk, Medium Risk, High Risk, Very High Risk and Extremely High Risk.
- Branches with ratings High Risk, Very high Risk and Extremely High Risk fall under the category of **Poorly Rated branches**.
- Risk rating is done under two Major Components namely **Business Risk** and **Control Risk** which carry **1000 risk scores** each.
- **Risk areas assessed** under various risk traits: Credit portfolio, deposit portfolio, internal control areas, technology management and other operational risk areas.
- Risk Score for Handling of **credit portfolio** (both quantitatively and qualitatively): Around 950 marks
- Risk Score for handling of liability portfolio (both quantitatively and qualitatively): Around 275 marks.
- Internal Control, Technology Management and control over income and expenditure (profit planning) are assigned with a risk score of 230 marks each.
- Thus, 1915 risk score out of the total risk score of 2000 are from credit portfolio, liability portfolio, internal control, technology management and profit planning.
- Proper management of Credit Portfolio and Liability Portfolio will directly result in profit planning.
- Thus, there is a need to focus the attention on Credit and Liability portfolios to achieve the desired risk rating by a branch.
- While **quantitative achievement** of various targets constitute only **270 marks out of 2000** marks, **qualitative achievement** in the various areas of branch functioning contribute to **1730 marks**.
- While achievement / non achievement of business targets are history before commencement of inspection and cannot be altered, all other areas are under the control of the branch only.
- Quantitative risk scores can be worked out by branches themselves whereas risk scores awarded by an inspecting officer on qualitative parameters depend on his perception about the functioning of the branch.

- Conducting a self inspection before commencement of inspection, ensuring 85% spot rectification and instant collection of income leakage will enable the branches to get a better risk rating.
- Branches should send the 1st reply to CO within 15 days and the 2nd reply within **30** days from the date of receipt of the report by the branch. The Circle Office shall ensure that they generate and send a questionnaire on pending items to the concerned branch/unit by **40th** day. It shall be the endeavour of the branch and Circle to close the report well within the stipulated time.
- On receipt of the Risk Rating of branches/units from the Zonal Inspectorate, Circle Office shall draw a **Monitorable Action Plan (MAP)** towards mitigation of identified risks and convey the same to the branch **within 10 days** with instructions to the branch/unit to act upon.
- Branches / Units to act upon MAP in such a way that the remarks do not recur during next RBIA which would enable them to secure better risk rating in the subsequent RBIA.
- Progress in MAP and the Action Taken Report (ATR) will be discussed in the quarterly Regional Audit Committee (RAC) meetings.
- As per RBI guidelines, risk profiles of all branches / units should be updated annually. Hence off-site risk assessment of branches will be done annually by ZI by collecting critical data of branches on qualitative and quantitative parameters. Wherever serious adverse features/adverse movement of risk rating are noticed, the Circle Office should initiate necessary corrective action.
- The risk assessment will be under two major parameters viz., Business Risks and Control Risks(1000 marks for each parameter cir no.123/08)
- Under Business Risks the following areas will be assessed. (Credit // Liabilities // Operations // Earnings)
- Under Control Risks the following areas will be assessed. (Credit Risk Controls // Operational Risk Controls // Management Risk // Compliance Risk)
- The risk assessments under Business risk and Control risk will be on a 3 scale matrix viz., Low, Medium and High.
- After assessing business risk and controls finally the Composite risk (overall risk assessment) will be assessed on a 5 scale matrix viz.,Low, Medium, High, Very High & Extremely High.
- While arriving at the Composite risk both the Business risk and Control risk will be factored in as detailed below.

Revised Risk Matrix

Level of Risk	Scores assessed for major components under	
	Business Risk	Control Risk
High Risk	>80%	>60%
Medium Risk	From 50% to 80%	From 40% to 60%
Low Risk	Less than 50%	Less than 40%

Composit Risk Rating

Business risk	Control risk	Composite risk
Low	Low	Low

Med	Low	Med
High	Low	High
Low	Med	Med
Med	Med	High
High	Med	Very high
Low	High	High
Med	High	Very high
High	High	Extremely high

Periodicity Of Inspection

Level of Composite Risk	Periodicity of RBIA
Extremely High & Very High	6 months
High	12 months
Medium	18 months
Low	24months.

Appeal against the composite risk rating awarded to branches/units Cir 34/08

Appeal against the composite risk rating should be preferred by the Circle Office within 30 days from the date of receipt of communication from Zonal Inspectorate. Appeal should be submitted directly to the General Manager, Follow up Section, Inspection wing, HO.

Decision on the appeal will be conveyed to the CO by Inspection wing after placing the same before Audit Committee of Board.

GENERAL MATTERS Demand Drafts

- 4 COLOUR SERIES DDs
- Below Rs.10,000/- Green – OT /TT
- Rs.10000/- and below Rs.1 lakh Violet – OL
- Rs.1 lakh- below Rs.10 lakhs- Magenta - TL
- Rs.10 Lakhs - below Rs.100 Lakhs – Yellow – OC
- Printed serial No. 6 digits, Sort Code 9 Digits, Account Field -6 digits, Transaction code – 2 digits
- TL AND OC SERIES ARE TREATED AS HIGH RISK SECURITY ITEMS
- TL AND OC DDS ARE TO BE BALANCED AND CHECKED LEAF BY LEAF
- Gift Cheques and Demand Drafts of less than Rs.1 lakh is treated as Low Risk items

- When DD for Rs.10 Lakh and above is issued, the issuing branch should on the same day sent an inforamatory confirmation by way of telegram to the drawee branch
- Special assistants are authorised to sign DD upto Rs.50,000/-
- DD for Rs.1 Lac above should be signed jointly by two officers who are authorised signatories
- Rural & Semi Urban branches are not permitted to issue DD for Rs.10 lakh and above
- BS& CA Section, HO can permit issue of DD for Rs.1 crore and above favouring Commercial Bank, Financial Institutiions, Central and State Government Departments. For this prupose OC- Yellow Colour Series DD can be used
- Identification letter should not be issued in case of DD for Rs.50000/- and above
- Cancelled DD are to be kept in file for verification by inspecting officer - may be effectively destroyed
- DD for Rs.1,000/- and above paid in cash and DD for Rs.5,000.- received in clearing/transfer should be screened in **ultra violet lamp**
- Verification of DD by two officers for DDs of Rs.1 lakh and above
- Transfer of DD balance as on 31st March and 30th September after balance sheet
- Duplicate DD is issued within a fortnigh from the receipt of such request
- After 15 days interest payable to purchaser of DD at the rate applicable for the Fixed deposit
- In respect of DD of RS.5000/- and below, the branch need not wait for reply and issue duplicate draft obtaining NF 351
- Branches may obtain simple undertaking letter and issue Duplicate DD after receiving non payment advice – upto Rs.500/- in case of non account holders and upto Rs.5,000/- in case of account holders
- DD is vaild for 6 months and can be revalidated within one year from the date of issue.
- Revalidation permitted only once and for 6 months
- DDs which have completed 1 1/2 years from the date of issue and are not paid shall be treated as stale DDs
- Teller is permitted to issue DD against cash and transfer upto and inclusive of RS.15000/-

- Cir 398/2009: While making payment of DDs of Rs.1 lakh and above, branches to ascertain issue of DD by issuing branch by verifying DDISYS Package. In absence, branch to confirm over phone/e mail/fax before making payment of DD of Rs.1 lakh and above.
- DD cancellation charges: Upto Rs.10 lakhs: Rs.100/-, Rs.75/-, Rs.50/- (Other than Individual, Individual-Urban, Individual-Rural) . Above Rs.10 lakhs: Rs.1000, Rs.750, Rs.500/- per DD.

Newly Designed Demand Drafts in Continuous Stationery with New Logo Effective from 01.10.2009 (cir 186/09)

- The new DD format with new logo and New Design with following Security features are furnished:
 1. Bank Water Mark
 2. Micro Line Printing
 3. Secure visible fluorescent printing
 4. Double Color Security thread
 5. Star Marks at 5 places

6. Invisible Emblem (Visible only under UV lamp)
7. Invisible Printing of Bank's name (Visible only under UV lamp)

- New logo with Fluorescent printing which is visible only under UV Lamp at the following two places: (i) Centre of the Demand draft (ii) At the right hand bottom near "For Canara Bank" portion.

DD drawing arrangement permitted to our RRBs on our branches/Offices (Cir 215/2010)

- Our bank has permitted our RRBs to draw DDs on all the branches of Canara Bank in the respective state of RRB functioning ie., Karnataka, Kerala and Uttar Pradesh
- A ceiling of **Rs.5.00 lakhs per DD, per Party, Per day** is fixed to RRB branches for issue of DDs on Canara Bank Branches/Offices.
- The RRB branch to inform the drawee Branch of Sponsor Bank the full details of DDs issued
- For DD amount exceeding Rs.50,000/- pre-advise is a must

Pay Order

- Section 31 of RBI Act prohibits issue of Banker's Draft/pay order payable to bearer on demand
- PAY ORDERS ARE NOT COVERED BY SECTION 85 A AND 131 A OF NI ACT. PAYORDER IS NOT A NEGOTIABLE INSTRUMENT
- Payorder is valid for 6 months
- No provision for Revalidation
- No duplicate Pay order can be issued
- Only Power of Attorney holders can Sign Pay Order and two PA holders to sign PO of Rs.1 lac and above.
- Special Assistant can sign upto Rs.50,000/- (Cir 220/2008)

Branch Advice: Branch advices should not be issued for Rs.20/- and less if the amount is meant to the credit of the customer/employee. Branch advice is treated as High Risk security.

Telegraphic Transfers

(Cir 23/2009)

- TT Facility withdrawn from 01-04-2009
- Branches to destroy TT Cypher sheets. CANCODE book to be preserved

Gift Cheques: Discontinued vide circular no.315/2008 dated 12-11-2008

Banker's Account

(Manual updated till 31.5.07)

- Board of Directors have permitted DGM of the circles to permit branches to open Bankers a/c
- Branches can open other bank's account after getting permission from MIPD, CO

- Operations in Bankers a/c - Rs.50,000/- and below by one Power of Attorney holder and above Rs.50000/- jointly by two power of attorney holders
- In case of single operations, branches to send copy of the pass sheet along with PRR 14.

Anywhere Banking (AWB)

- Uncrossed Cheques or Withdrawal Order form favouring self upto a limit of Rs.50,000/- can be permitted to be encashed under AWB
- Payment only to account holder
- Customers can avail the facility of getting DD upto a limit of Rs.50,000/- by debit to the account
- DD revalidation/cancellation/duplicate can be made only at the issuing branch.

Cash

(Manual Updated Till 31.7.2007)

- Currency of below Rs.50/- and coins to be kept in Single Lock
- Single lock key to be kept by the staff handling cash
- Cash received on account of recovery/deposits on NPBW days may be accepted and treated as late cash
- It is the responsibility of the concerned supervisor to verify the cash cheques inclusive of cash DDs of Rs.1000/- and above under ultra violet lamp
- Managers are empowered to authorise at their discretion payment of Self cheques to the drawer only even after business hours but within working hours upto a maximum of Rs.10000/- per party
- Rs.1000/- denomination notes should be counted by an officer
- Where the shortage is Rs.10000/- and above, investigation has to be conducted
- Where the shortage is Rs.2500/- and above but less than Rs.10000/-, discretion to DGM for conducting investigation
- Cash shortage is more than Rs.25000/- and is permitted to be recovered in installments, the employee may not be allowed to work in cash department for a year or so long as the amount of shortage is not fully paid whichever is later
- All cases of cash shortages involving more than Rs.5000/- detected by Managers and Inspectors(which was not informed by cashier), shortage of Rs.10,000/- though informed by cashier have to be reported as cases of frauds to R & R section, Inspection Wing (cir 95/08 and 81/2009))
- Excess cash – claim by remitter -can be paid by Manager upto Rs.500/-. Above that , the claim should be passed by referring to SSW, CO
- For claim above Rs.5000/- stamped indemnity (for non customers)
- At the end of the financial year, excess cash to be transferred to commission account
- Remittance by insured post - maximum Rs.10000/-

Transmission of cash

- Sub-staff – Rs.5000/
- Clerk upto Rs.25000/-
- Above Rs.25000/- one more person not below the rank of clerk. For remittance upto Rs.20 lakhs – no armed guard.
- Above Rs.20 lakhs upto Rs.50 lakhs should be accompanied by one armed guard

- Above Rs.50 lakhs , atleast two armed guards

Reporting of inward cash remittance –weekly by way of enclosure to RBI

- Small branch - Rs. 1 lakh and above
- Medium branch - Rs.5 lakh and above
- Large branch – Rs.10 lakh and above
- VLB and ELB are exempted from this instructions
- Insurance Cover for Money and Securities held at branches/offices – Rs.30 crores for the year 2010-11
- Insurance Cover for Money and securities in transit – Rs.5 crores
- Insurance cover for ATM cash: Rs.20 lakhs
- Insurance cover for unauthorized withdrawal from ATM : Rs.50,000/-
- Insurance for loss or damage to ATM :Rs.25 lakhs
- Mutilated note – cut into 2 or more pieces
- Standard Cash limit is fixed by CO

Detection, Impounding, reporting of fake Notes and filing of FIRs (cir 178/2010)

- Each banknote, which, on examination of various security features /parameters, is determined as a counterfeit one, shall be branded with a stamp " COUNTERFEIT BANK NOTE". For this purpose, a stamp with a uniform size of 5 cm x 5 cm may be used.
- These Counterfeit Notes at branches (returned by police after investigation) should be subjected to **verification on a half yearly basis** (on 31st March and 30th September) by the Officer-in- Charge of the branch concerned. These Counterfeit Notes should be **preserved for a period of three years** from the date of receipt from the police authorities.
- Branches and Currency Chests are required to submit Counterfeit Currency Reports (CCRs) within 7 days from the date of detection of counterfeit currency note/s. Counterfeit currency detected in the soiled notes is also to be reported in the CCR. (Cir 420/2010)

Liberalized definition of Cut Notes & Soiled Notes (Cir.298/2010)

I. Single numbered notes – Re.1/-, Rs.2/- & Rs.5/-: Note presented should not be in more than two pieces. No essential feature of the note should be missing and complete number should be available in an undivided area on one of the pieces. Both the pieces should be of the same note.

II. Double numbered notes–Rs.10/-,Rs.20/-,Rs.50/-,Rs.100/-,Rs.500/-& Rs.1000/-: The note presented should not be in more than two pieces. No essential feature of the note should be missing. Both the pieces should be of the same note. The above types of notes will be treated as soiled notes and be kept along with soiled notes.

Mutilated Notes – Presentation and Passing: (Cir.298/2010): A mutilated note is a note of which a portion is missing or which is composed of more than two pieces. Mutilated notes may be presented either at designated bank branches of commercial banks. Mutilated notes so presented may be passed as per the Rules framed under Reserve Bank of India (Note Refund) Rules2009.

Notes which have turned **extremely brittle or badly burnt, charred** or inseparably stuck up together and, therefore, cannot withstand normal handling, **shall not be accepted** by the branches for exchange. Instead, the holders may be advised to tender these notes to the concerned Issue Office where they will be adjudicated under a Special Procedure.

Notes bearing "PAY"/"PAID" "REJECT" stamps should be rejected under Rule 6(2) of Reserve Bank of India (Note Refund) Rules, 2009 and the tenderer should be advised that the value of such (defective) note/s cannot be paid since the same has already been paid.

Notes bearing slogans / political messages: it ceases to be a legal tender and the claim on such a note will be rejected.

"Star Series" Banknote:

RBI has adopted the "STAR series" numbering system for replacement of defectively printed banknotes, at the printing presses. To begin with, this will be for banknotes of Rs.10, Rs.20 and Rs.50 denomination. The Star series banknotes are exactly like the existing Mahatma Gandhi Series banknotes, but have an additional character viz., a *(star) in the number panel in the space between the prefix and the number. The packets containing these banknotes will not, therefore, have sequential serial numbers, but contain 100 banknotes, as usual. To facilitate easy identification, the bands on such packets clearly indicate the presence of these banknotes in the packet.

- **Cir no.205/08:** No TOD to be sanctioned in NRE accounts to honour FTVs of Canara Cards. FTV to be returned to Canaracard Section by raising BAR and also transferring available balance in NRE account, if the balance is not sufficient to meet full amount of FTV. (As per latest guidelines FTV is debited at Canaracard section only-166/2010)
- **Cir 227/09:** All BAA/SA entries should be adjusted within 7 days. Salary BARs to be adjusted on the date of salary itself. Any entry outstands in BAA/SA, accountability will be fixed to concerned staff.

Introduction of Maturity Matched Multiple Transfer Price Mechanism and TPM Rates for FY10. (Cir.12/2010)

* **The Transfer Price rates for the financial year 2009-10:** CA/c :5.87% /// SB : 7.24%
/// Term Deposits : 8.17% /// Priority Advances: 5.85% /// Non Priority Advances: 7.85%

Commission In Respect Of Government Business (Cir 133/09)

For all Receipts	Rs.45 per challan / transaction
For Pension payments	Rs.60 per transaction / Rs.45/- per transaction if claimed through State Bank of India / its associates.
For other payments	Rs. 0.09 paise per Rs.100/-

Payment of compensation payable to Pensioners in case of all delayed payments (Cir 240/2010 & 266/2010) :

- Compensation at **bank rate + 2% (8% at present)** is to be paid by debiting Interest Paid Account – Others
- Compensation to the pensioners in whose cases revision of pension and disbursement of arrears as per 6th Central Pay Commission has been made with delay

Re-organization of Circles (Cir 388/09)

- **Total Circles : 34**
- **Cir 26/2010** Nagpur is continuing.
- Circles with Total Business of - To be headed by
- Up to Rs 4000 Crores - AGM
- Above Rs 4000 Crores and up to - Rs 10,000 Crores -DGM -
- Above Rs 10,000 Crores - GM

Overseas branches of canara bank:

- Total 4 ie London, Hongkong, Shanghai & Leicester, UK.
- Also we have Joint Venture in Russia with SBI under the name of 'COMMERICAL BANK INDIA'

CREDIT CARDS

Canara Global Credit Cards // Canara Classic / Standard Card (Cir 90/2008) (Individuals):

- Eligibility: Satisfactory dealings, minimum income Rs.60000/- p.a.
- Usage: Globally. No enrolment fee & No Annual fee till 31-08-2013.(278/2008)
- Card inactivity fee : Rs.400/-
- Minimum turnover per annum for waiver of inactivity fee: Rs.12,000/-
- Add on card free. Card inactivity fee:Rs.300/- .For waiver, usage Rs.12,000/- per annum.
- Free Credit period 20 to 50 days.
- Card limit: upto 30% of gross annual income.(Min-Rs.10000/-, Max- Rs.3 lakh)
- Minimum Repayment on Revolving Credit: 5% of the billed amount with minimum Rs.100/-
- Cash advance limit against credit card amount: 50% of credit limit with a maximum of Rs.50,000/-

- Complimentary insurance cover for Accident Death: Air Crash: Self Rs.4 lacs and Spouse Rs.2 lakhs. Other than Air crash: Self:Rs.2 lacs, for spouse Rs.1 lakh. For Baggage Rs.25,000/- insurance.
- Lost card liability : Rs.1000/- from the time of reporting of loss card.
- Charges on Revolved Amount outstanding liability: 2.5% pm(30% pa)
- Cheque dishonour charges : Rs.50/-
- Cash Withdrawal charges: 3% of transaction amount with min.Rs.30/- per thousand or part thereof
- Copy of charge slip: Rs.100/- for domestic, USD 10 for international or actual costs which ever is higher
- Request for Original Charge slip: USD2 if processed by our Bank and USD 6 if processed by other Bank.
- Notice/Reminder charges : Rs.50/- per notice
- Delayed payment beyond due date: 2% min.Rs.10/- max Rs.150/- for cards with revolving facility. Cards without revolving facility:2% min.Rs.20/- max.Rs.300/-
- Return of FTV by branches: Rs.100/- for first time and Rs300/- for each subsequent return
- Free SMS on billing and transactions above Rs.3000/-
- Reminder for repayment of overdues over SMS :Rs.5/- per SMS
- Duplicate card issue: Free
- Foreign Currency transaction load (mark up) upto 3%
- Hotlisting fee: Rs.300/-
- Loyalty/Bonus Points: One bonus point for every purchase transaction of Rs.100. Value of one bonus point is Re.0.50. No maximum limit for accumulation. No time limit for retention of bonus points. Accumulate minimum of 300 points for redemption. Where the cardholder does not seek redemption of bonus points, even though he has qualified for redemption, the accumulated bonus points in multiples of 100 points will be redeemed automatically to the credit of their card accounts. **(Cir 62/2011)**
- The Credit Cards due for renewal with 'NIL' transaction in the past 12 months will be blocked from automatic renewal. However one letter will sent to cardholder seeking their instruction to renew the card, TWO month prior to the card expiry date.(Cir 76/2011)

Canara Gold Card (Individuals)

- Eligibility: Satisfactory dealings, minimum income Rs.2,00,000/- p.a.
- Usage: Globally. No enrolment fee.
- Card inactivity fee : Rs.750/-
- Minimum turnover per annum for waiver of inactivity fee: Rs.25,000/-
- Add on card free. Card inactivity fee:Rs.750/- .For waiver, usage Rs.25,000/- per annum.
- Free Card period upto 50 days.
- Minimum Repayment on Revolving Credit: 5% of the billed amount with minimum Rs.100/-
- Card limit: upto 30% of gross annual income.(Min-Rs.750000/-, Max- Rs.7.5 lakh)
- Cash advance limit against credit card amount: 50% of credit limit with a maximum of Rs.35,000/-
- Complimentary insurance cover for Accident Death: Air Crash: Self Rs.8 lacs and Spouse Rs.4 lakhs. Other than Air crash: Self:Rs.4 lacs, for spouse Rs.2 lakhs. For Baggage Rs.50,000/- insurance.
- Lost card liability : Rs.1000/- from the time of reporting of loss card.
- Charges on Revolved Amount outstanding liability: 2.5% pm(30% pa)

- Cheque dishonour charges : Rs.50/-
- Cash Withdrawal charges: 3% of transaction amount with min.Rs.30/- per thousand or part thereof
- Copy of charge slip: Rs.100/- for domestic, USD 10 for international or actual costs which ever is higher
- Request for Original Charge slip: USD2 if processed by our Bank and USD 6 if processed by other Bank.
- Notice/Reminder charges : Rs.50/- per notice
- Delayed payment beyond due date: 2% min.Rs.10/- max Rs.150/- for cards with revolving facility. Cards without revolving facility:2% min.Rs.20/- max.Rs.300/-
- Return of FTV by branches: Rs.100/- for first time and Rs300/- for each subsequent return
- Reminder for repayment of overdues over SMS :Rs.5/- per SMS
- Foreign Currency transaction load (mark up) upto 3%
- Duplicate card issue: Free // Hotlisting fee: Rs.300/-

Canara Corporate Card (Domestic)

- Main Card is a dummy card - Depending on the requirement of each firm add-on cards are issued upto 99.
- Card limit – Minimum of Rs.50,000/- and Maximum of Rs.25 lakhs.
- Corporate card cash withdrawal limit – upto 50% of card limit subject to maximum of Rs.5 lakhs – per add on card cash withdrawal limit – Rs.25000/-

Canara Visa International (Gold) Card

- Valid for one year
- Minimum limit - USD 3000 - for Gross annual income of Rs.2 lakhs – 4 lakhs
- Maximum - USD 15000 for Gross annual income of Rs.10 lakhs & above

Reintroduction of Mandatory Debit of FTV System For Recovery Of Canara Card Dues (Cir no.314/2009)

- Branches to debit SB accounts even by allowing TOD
- If TOD allowed, inform Cancard section on the same day for blocking(Now both debiting & blocking of Card is done at Card Division only)
- No overdrawings to be permitted in NRE accounts for Canara Card FTV debits.
- **Cir no.205/08:** No TOD to be sanctioned in NRE accounts to honour FTVs of Canara Cards. FTV to be returned to Canaracard Section by raising BAR and also transferring available balance in NRE account, if the balance is not sufficient to meet full amount of FTV.
- If TOD continues above 6 months, balance to be transferred to Canara Card section for further action.
- Unrecovered TODs to be informed to CO by PRR 37 as on last day of every month.
- Now FTV debits pertaining to CBS branches done at Cancard Division (Cir 166/2010)

Blacklisting Of Delinquent Cardholders :(Cir 256/08)

Cancard Overdues of more than Rs.10,000/- for more than 6 months, name will be informed to CIBIL.

Scheme for Re-imburement of service charge + service tax levied on petrol transaction done through Canara Credit cards (Cir 235/09)

- Applicable only for purchase of petrol & petroleum products through Canara Credit Cards
- Minimum turnover on purchase transaction (including petrol transactions) done through the card during the billing month shall be Rs 2,500/-
- Minimum purchase of petroleum & petroleum products per occasion (ticket size) for reckoning under this scheme is Rs 400/-
- Reimbursement with a maximum of Rs100/- per card per month.

**Funds Transfer Voucher - Recovery Of Card Dues
(Cir 332/2009)**

- FTV-TOD liability should not be transferred to Card Division after six months.
- Branches shall follow up and recover such FTV -TODs like any other TODs/ loans/advances.
- Overall responsibility of recovery of Canara Card Dues vests with the Circle Offices.
- Retail Banking & Subsidiaries Wing, HO, shall review the recovery of Canara Card Dues every half year.

Transfer Of NPA Accounts At Card Division To Respective Recommending Branches (Cir 15/2010) to the recommending branches:

- * Non LPD NPA accounts and LPD (Non suit filed accounts) where limitation is more than six months,
- * Suit filed Decreed accounts where EP is not filed at Card Division
- * Suit filed and decreed accounts where EP has not been filed

However, the following accounts continue to be followed up at the Card Division in close co-ordination with the branches.

- * 'Suit filed but not decreed' till obtention of decree
- * Suit filed and EP filed by Card Division
- * Legal Action Waived
- * Non-suit filed account where limitation is less than six month.
- * NPA account where cardholder had originally opted for direct settlement (Direct Billing)
- * NPA accounts where OTS is permitted

**CIBIL FOR CREDIT CARD
(Cir 136/2011)**

- **At the time of fresh issue of Credit Card:** Where the branches are required to draw CIR for their Borrower customers (Commercial and Consumer Segments) in terms of Circular 83/2010 dated 05.03.2010, the branches certify about the satisfactory CIR while forwarding the application.

- In all other cases, the Card Division (Issue Section) shall draw CIR from CIBIL before permitting issue of Credit Cards.
 - **At the time of enhancement:** The Card Division (Issue Section) shall draw CIR from CIBIL for all applicants before permitting any enhancement in credit card limit.
- Exemptions:
- Cards issued to our Bank Staff are exempted from drawing CIR from CIBIL.
 - Effective Date: These guidelines will come into effect from 01.06.2011

**Death Claim Settlement - Delegation of Powers:
(Cir no.209/2007) without nomination:**

- Managers/Senior Managers heading the branches : Rs.2.00 lakhs
- Executives in Scale IV in RO/CO/Branches : Rs.3.00 lakhs
- Executives in Scale V in RO/CO/Branches : Rs.5.00 lakhs
- Wherever Scale IV or V heading branches, are on leave,
- Beyond 7 days, powers to Managers/S.Ms : Rs.2.00 lakhs
- DGM heading branches/Circle : FULLPOWERS
- Safe Deposit Lockers and Safe Custody Articles, irrespective
- Of amount : DGM of CO
- The delegated power that are available to Scale VI of Circle for settlement of death claim are provided to Scale V heading Circle also.(Cir 365/2010)
- Simple calim settlement procedure has been increased from Rs.5000/- to Rs.10000/-.
- Wherever Nomination is there, branch in charge can settle the claim irrespective of amount / Locker.

Policy on settlement of claims in respect of missing persons (Cir 48/2009)

- As per the provisions of **Section 108 of the Indian Evidence Act**, presumption of death can be raised only after a lapse of **seven years** from the date of his/her being reported missing
- If the court presumes that he/she is dead, then the claim in respect of a missing person can be settled on the basis of the same.
- The settlement of claims by the branch shall be applicable only in case of domestic deposit accounts of the missing person **held in individual capacity** and upto a limit of Rs. 50000/-.
- Claims above Rs. 50000/- shall also be referred to Circle Office for examination and settlement
- For settlement of such claims, the date of calculation of **seven years may be reckoned from the date of FIR** or publication in newspaper whichever is earlier.

Facility of nomination is not available in case of deposit of safe custody articles by more than one person.

Section 45 ZC to 45 ZF of the banking regulation act deals on nomination.

In case of jointlt held Locker with nomination, on the death of any of joint hirer, the contents of locker are allowed to be removed only jointly by the nominee and the survivor after an inventory is taken in the prescribed manner. However in case of joint deposit account nominee right will come to picture only if all joint depositors dies.

Banking Codes And Standards Board Of India (BCSBI)

Code Of Bank's Commitment To Customers: (Cir no.230/2007)

- BCSBI is a registered society and our bank is a member of it - Formed on the recommendations of committee on Procedures and Performance Audit on Public Services TaraporeCommittee).
- Voluntary Code
- Chairperson of BCSBI – B.M.Mittal
- Branches offering AWB services should credit outstation instruments drawn on AWB branches, on the same day
- Instant Credit: Upto Rs.15,000/- for parties having satisfactory dealings for 6 months. OSCs without request of party and Clearing cheques with request of party
- In case of cheque return (ICDB) interest chargeable is from the date of RETURN of such cheque till recovery. ROI : Applicable to customer's other limits for ROI applicable upto Rs.2 lacs ie BPLR
- High value clearing cheques ie Rs.1 lac and above shall be credited on same day
- OSC normal period: Metros – 7 days, Metros to State Capitals(other than NE states) – 10 days and other centres – 14 days.

- Delay upto 14 days, SB rate of interest, beyond 14 days – term deposit rate and beyond 90 days – 2% over TD rate of interest
- OSC lost in transit, interest payable for 15 days at SB rate
- ICDB cheques credited to OD/OCC, returned unpaid – Rate of interest : 2% above applicable rate of OD/OCC from date of credit, till reversal.
- Branch manager will be responsible for the resolution of the complaints/grievances in respect of customer's service by branch
- Customers' Day : 15th of every month. Branch in charge should present between 3pm and 5 pm.
- 7 days time for grievance of complaint in case of Branch/RO/CO/HO each
- Redressal of complaints - Adopted by our Bank : General complaints -21 days, RBI,MPs,VVIPs – 15 days, PMS office – 7 days
- If any cheque paid after stop payment instruction, bank has to reverse the entry within 2 working days
- Normally customers have to be contacted between 07-00 hrs and 19-00 hrs. Retail Customers at residence and Business/Residence in case of others
- Cir 176/08: Compensation Policy – If customer is suffered due to deficiency of services : In case of fraud by staff, bank has to pay just the claim of customer. In case branch is at fault, branch to compensate the customer without any demur. In case where neither the branch nor the customer is at fault, but the fault lies elsewhere in the system, the branch should compensate the customer upto Rs.5,000/- or actual loss whichever is lower and the same will be on merits of the case.

Customer Service Related

(From RBI Master Circular)

- Customer Service Committee of the board will include: Experts and representatives of customers as invitees to enable the bank to formulate suitable policies.
- Standing Committee on Customer Services is recommended by CPPAPS (Committee on Procedures and Performance Audit of Public Services). The standing committee may be chaired by CMD or ED and including non officials as its members.
- Branch level customer service committee: should include customers especially Senior Citizens. They should meet once in a month. Branch level committees should submit quarterly reports to Standing Committee on Customer Service.
- As per RBI guidelines, banks are required to put the following policies in place for customer service
 - Comprehensive Deposit Policy
 - Cheque Collection Policy
 - Customer Compensation Policy
 - Grievances Redressal Policy
- Banks Local Authorities and Government Departments are exempted from PHOTO.

- Public Sector Undertakings and Quasi Govt. Bodies, Purdanishin must give photographs.
- Two photographs are required as per RBI guidelines.
- Photograph of all the depositors is required for all types of deposits : Fixed, Cumulative, Recurring etc.
- Photograph of guardian should be taken in Minor Accounts.
- If minimum balance is changed by the Bank, it should be informed to Customer **ONE MONTH** in advance.
- Customer is eligible for one pass sheet per month for free of cost(Even if pass book is given)
- Govt. of India has accepted SAKA SAMVAT as National Calender with effect from 22-03-1957. **An instrument written in Hindi having date as per Saka Samvat calendar is a valid instrument.**
- Payment of Interest on Fixed Deposits: If deposit is less than 3 months, interest should be paid for the actual number of days, reckoning the year as 365 days.
- Bank has no discretion to refuse pre mature withdrawal of term deposits for individuals and HUF.
- Whenever addition or deletion of names are taking place in joint account, the amount or duration of original deposit should not undergo any change.
- Opening of Current Accounts: Where the account holder is enjoying credit facilities with other banks is not permitted by RBI. NOC is required from the other bank. If NOC is not given, bank can send a letter to other bank and wait for 15 days. If no response is there, we can open.
- Reconciliation of Transactions at ATM failure: 12 days from the date of receipt of customer complaint. Compensation: Rs.100/- per day. Compensation should be paid without customer's claim.
- Commencement of employees working hours: 15 minutes before commencement of business hours.(Goiporia Committee)
- Banks should extend business hours for banking transactions other than cash, till 1 hour before closure of working hours. (eg. issue of pass book, issue of cheque book etc.)
- May I help you counter is exempted for very small branches.
- Comprehensive Notice Board should have minimum 2 feet by 2 feet and it should give a comfortable viewing from the distance of 3 to 5 meters.
- Whenever bank prepares booklets or brochures, the minimum font size should be Arial 10.
- Banks should make atleast 1/3rd of new ATM s installed as TALKING ATMs with Braille Key Pads.
- Banks can rely upon Guardianship Certificate issued either by District Court under Mental health Act or Local Level Committees under National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation Act 1999.
- For encashment of Drafts: Passport and postal identification could be considered as adequate identification. Banks can permit encashment of drafts upto Rs.25000/- on the basis of above 2 documents.
- Duplicate Draft in lieu of lost draft upto and including Rs.5000/- may be issued without seeking non payment advice. (with adequate indemnity)
- Banks should issue duplicate drafts within a fortnight from the receipt of request.
- Time frame for collection of cheques drawn on State Capitals/Major Cities / Other locations to be 7/10/14 days respectively.
- If instruments are lost in Transit /Clearing by the Paying Banker: The onus of such loss lies with the collecting banker and not the ACCOUNT HOLDER. The collecting bank

should reimburse related expenses plus interest for reasonable delays and can claim it from the paying banker.

- Payment for interest for delays in Bills: SB rate + 2%. Normal Transit period : 2 days each for dispatch of bills, presentation of bills of drawees, remittance of proceeds to the lodger's bank, crediting the proceeds to the drawer's account.
- Returning dishonoured cheques: Within 24 hours as per Goiporia Committee.
- Rs.1 crore and above cheques issued by the party returned for more than 4 times: Bank can refuse fresh cheque book + bank can consider closing Current Account.
- Banks should disclose the following details in financial results as notes: 1.Customer Complaints, 2.Awards Passed by Banking Ombudsman.
- Where Lockers have remained unoperated for more than 3 years for medium risk customers and 1 year for high risk customer, banks should contact the customer and advise him to operate or surrender the locker, even if rent is paid regularly. Banks should incorporate a clause in the locker agreement that in case locker remain un-operated for more than ONE YEAR, the bank would have right to cancel the allotment and open the locker, even if rent is paid regularly.
- Time Limit for settlement of Death Claim: Not more than 15 days.
- Banks are not required to open sealed/closed packets left with them for safe custody or found in locker while releasing them to nominee/survivors.

Safe Deposit Lockers

(Cir no.253/07)

- Relationship - Lessor (bank) and Lessee (customer)
- On the recommendations of Committee on Procedures and Performance Audit on Public Services (CPPAPS), RBI has issued fresh guidelines
- In case of new parties, 3 years rent + charges for break open of locker in case of eventuality : to be collected in advance is kept in FDR
- If no operations of lockers continuously for **3 years or more** in case of **Medium Risk** category and **One year** in case of **High Risk Category** customers - Branches should send notice and break open the locker.
- No nomination facility for Safe Custody Articles held by more than one person
- In case of Locker hired by Jointly with Joint Operations and nomination, if any hirer dies, access will be given Jointly to survivor and nominee.
- Loss of locker key : Charges: Rs. 200/- (in addition to actual break open charges)
- Locker Operations : 24 operations free p.a.,
- Rs. 20/- per operation beyond 24 per annum.
- Delayed remittance of rentals : Rs. 20/- pm / fraction of a month, for the period of delay

- This is governed by Indian Contract Act 1872

Service Tax

(Cir 63/09).

- This is extended to whole of India except J & K State.)
- Present rate: 10.3% w.e.f. 24-02-2009
- Service Tax : 10% and Education cess 2%, Secondary and Higher Education cess: 1% on service tax.
- Transfer of Service tax by branches to HO – September & March (207/07)
- Payment of Service tax by HO is monthly based on monthly statement submitted by branches
- **Service tax on Rent** – exemption Rs. 8 Lakhs cir 207/2007
- Small service provider upto **Rs.10 lakhs exempted**.
- Service Tax is to be paid on quarterly basis by Individuals, Proprietors and Partnerships. Others, it is monthly.
- It is to be deposited by 5th of next month (6th in case of electronic payments)
- If tax amount exceeds Rs.50 lacs, compulsorily electronic payment.
- Delay in deposit of service tax - Int 13% pa + penalty @ Rs.200 per day or 2% per month of tax liability whichever is higher. Maximum up to amount of Service tax
- Return Half Yearly in form ST3 to be sent by 25th of next month after HY closure.
- Delay in filing service tax return – late fee up to Rs.2000/-

Levy Of Interest On Clearing-Related Overdraft Extended By Clearing House Managing Banks For Settling Clearing Obligations Of Member Banks.

(Cir.183/2010)

- For **intra-day overdraft** (the day when the overdraft is extended, **irrespective of the time period** for which the overdraft facility is enjoyed), interest shall be charged at relevant **RBI LAF Repo Rate + 100 basis points**.
- If the **overdraft** extends to the following day (**overnight and beyond**), interest shall be charged at relevant **RBI LAF Repo Rate + 300 basis points**

Cheque Collection Policy of our Bank

Cir 230/2007, 254/2008

- Changes to Existing Guidelines based on the suggestions received from RBI
- Branches to display cut off timings for accepting clearing cheques, as fixed by CO.
- Credit in respect of Core banking branches of the same bank, on the same day itself. Other banks CBS cheques with at par facility to be presented in local clearing.

Compensation Policy: Cir. 253/2009

- OSC normal period: Metros – 7 days, Metros to State Capitals (other than NE states) – 10 days and other centers – 14 days.
- Delay upto 14 days, SB rate of interest, beyond 14 days – term deposit rate and For extraordinary delays (beyond 90 days) – 2% over TD rate of interest

Time frame for collection of cheque/instruments sent abroad is as under:

- Personal cheques/drafts payable in the country of currency – 21 days
- Personal cheques/drafts payable in the country other than in the currency of the country – 45 days
- Instruments payable in India – 15 days

Cheque Drop Box Facility

(cir 416/09) :

- The Box shall be firmly fixed in the wall
- The key be held by a PA holder authorized by branch-in-charge
- The duplicate key is to be kept in the double lock
- PA holder authorized to operate the Box, shall open on all working days, at regular intervals depending upon the number of instruments, clearing arrangement, etc.
- Branch to display on the Cheque Drop Box, the cut-off time for clearance of cheques for the information

Inclusion of Experts For Rendering Evidence On Suspected Fake Currency

Notes

(Cir 411/09) :

- Officers of all the Note Printing Press
- Officers of Security Printing Press
- Officers of Forensic Science Laboratories
- Government / State examiners of Questioned documents

Annual Information Report (AIR)

- Cash remittances into any SB a/c exceeding Rs.10 lacs in a year
- Credit Card bills payment of Rs.2 lakhs or more in a year
- Receipt towards Bonds/Denentures issued by bank: Rs.5 lacs or more
- Receipts of Rs.1 lakh or more for shares issued by the Bank
- Receipt towards investment in RBIs savings bonds : Rs.5 lacs or more
- Statement for Bank as a whole to be submitted in form 61A duly signed by CMD.
- Non filing/delay in filing statement attracts penalty: Rs.100/- per day delay

Levy Of Service Charges For Outstation Cheque Collection

(Cir 289/2008, 93/2011)

Value (Rs)	Service Charges per instrument for SB accounts (Rs)	Service Charges per instrument for Other types of accounts (other than SB accounts) (Rs)
Up to and including 5000/-	25/-	50/-
Above 5000/- and up to and including 10000/-	50/-	50/-
Above 10000/- and up to and including 100000/-	100/-	100/-
Above 100000/-	150/-	150/-

- **Charges For Intercity Transactions Under AWB/CBS Environment - Deposit Of Cheques At Drawee Centres (Cir 3/2010 Box Item):** Charges applicable to OSCs may be collected for deposit of cheques at drawee centres
- **Service charges for speed clearing-** Upto and including Rs.1 lakh nor charges beyond Rs.1 lakh, Rs.150/- per instrument.
- **Service (Processing) charges for Local clearing:** (by clearing Houses from Member Banks). The revised charges as advised by RBI are as under:

	Presenting Bank	Drawee Bank
Clearing at MICR-CPCs	1.00	1.50
Cheque Truncation	0.50	1.00

Collection of Transaction Fee from the Investors of Mutual Fund (Equity) Schemes with effect from 01.10.2009 (Cir 347/09)

- The "Transaction Fee" is to be collected as a percentage of Investment made by the Investor under Mutual Fund equity schemes

Investment range (Rs.) & total transaction fee to be collected:	
Upto Rs. 1 Lac	2 % + ST
Rs . 1 lac – Rs. 5 lacs	1.5 % + ST
Rs . 5 lac – Rs. 10 lacs	1 % + ST
Above Rs. 10 lacs	0.5 % + ST

- Transaction Fee for Systematic Investment Plans / Systematic Transfer Plans: One-time flat fee of Rs. 100 + applicable Service Tax

Cir.31/2010

- Since *Canara Robeco Monthly Income Plan* is treated as Debt Fund, the transaction fee need not be collected from the Investors of the Mutual Fund under this scheme.
- However, branches/ Investment Officers are required to collect the Transaction Fee and applicable service tax in respect of other equity schemes of our Canara Robeco Mutual Fund.

Service charges for return of instruments Wef 1.9.2010

(cir 263/2010, 7/2011)

Inward Clearing Cheque /Bill: per instrument

- SB: Rs.100/-, Rs.75/- , Rs.50/- (Urban, Rural Other than Individual, Rural)
- CA: Upto Rs.1 lakh: Rs.150/-, Rs.100/-, Rs.80/-
- CA: Rs.1 lakh to Rs.1 crore: Rs.200/-, Rs.150/-, Rs.100/-
- CA: Rs. above 1 crore:Rs.500/-, Rs.300/-, Rs.200/-.

Outward clearing instruments:

- SB: Rs.75/-, Rs.75/-, Rs.25/-
- CA/OD/OCC: Rs.100/-, Rs.75/- Rs.50/-

Return Of Outstation Cheques/Bills Received By Branches:

- Cheques: Upto Rs.10,000/-25/-, 10,000 to Rs.1 lakh: Rs.50/- Above Rs.1 lakh: Rs.75/-.
- Bills Received from outstation – Returned: 50% of applicable collection Charges with min.Rs.100/- + Postage.

Revision In RTGS/ NEFT /ECS Service Charges

(Cir 382/2010)

- RTGS: Above Rs.2 lac to Rs.5 lac :Rs.25/- per transaction.
- Above 5 lacs: Rs.50/- per transaction.
- NEFT: Upto Rs.1 lac: Rs.5/- per transaction and
- above Rs.1 lac to 2 lac: Rs.15/- per transaction.
- Above Rs.2 lac: Rs.25/- per transaction.

Multicity Cheque Facility (MCC)

(Cir NO.115/2008, 327/2010)

- Multi City Cheque (MCC) is a facility extended to eligible customers of our all branches. A note " **Payable at par at all Canara Bank branches** " will be printed on the face of the cheque leaf.
- **ELIGIBILITY:** CASA account holders and OD/OCC account holders with sanctioned limits of Rs.20 lacs and above with Credit Risk rating of LR1, LR2 and LR3 are also eligible.
- Cash Withdrawals are not permitted by Multicity Cheques except for NRI Customers.

- LPCs to carry the functions of designated branches
- Multicity Cheque books will be issued as personalised Cheque books.
- Charges on usage of Multicity Cheque Books revised.

Sl. No	Particulars	Existing Charges		Revised Charges	
1.	Issue charge (Excluding applicable taxes)	SB	Rs.10/- per leaf for first 40 leaves per annum and thereafter Rs.12.50 per leaf	SB	Nil for first 40/60 leaves as applicable (including normal cheque leaves). Thereafter normal cheque book charges applicable
		CA	Rs.12.50 per leaf	CA	Normal cheque book charges applicable
		OD/CC	Not applicable	OD/OCC	Rs.5.00 per leaf
2.	Charges for Non maintenance of min balance	Rs.100/- per occasion		Rs.100/- per occasion (only for SB/CA holders)*	
3.	Cheque return charge	Rs.100/- (Plus applicable taxes)		As applicable to normal cheque return charges, issued by Head Office from time to time.	
4.	Stop payment charge	Normal charges as applicable		As applicable to normal stop payment charges, issued by Head Office from time to time	
5.	Funds Transfer charge	Similar to NEFT / RTGS charges		As applicable to normal funds transfer charges under CBS environment, issued by Head Office from time to time	
6.	Cash Withdrawal charge	For Current Accounts only Upto Rs. 25000/- per day - Nil Above Rs. 25000/- - Re 1/- per Rs. 1000/- or part thereof (Minimum Rs. 25/-)		Cash Withdrawals not permitted through MCC except for NRI customers. For NRI customers - As applicable to normal Cash withdrawal charges under CBS environment, issued by Head Office from time to time	

* The charges for Non-maintenance of minimum balance is not applicable in case of cheque books issued to NRI customers at centralised NRI branches. However, charges in respect of subsequent MCC cheque books are as applicable to Savings Bank account.

Pre-paid payment instruments(Cir 47/2011)

- **Pre-paid payment instruments** are payment instruments that facilitate purchase of goods and services against the value stored on such instruments.

- Entities issuing Prepaid Payment Instruments (Other than Banks and Non- Bank Financial companies) are required to maintain their outstanding balance in an 'escrow account' with a scheduled commercial bank.
- Branches have to **obtain auditor's certificate from the entities, quarterly**, certifying that the entity has been maintaining adequate balances in the account to cover the outstanding volume of payment instruments issued, **within a fortnight from the end of the quarter to which it pertains .**
- Branches, where escrow accounts of entities issuing Prepaid Payment Instruments are maintained /opened, shall record with the Registrar of Companies under Section 125 of the Companies Act, 1956, the charge of the holders of the prepaid payment instruments and / or the merchant establishments on the amount lying in the escrow account.
- All new agreements entered into by branches (including renewals) for maintaining/ operating escrow accounts of entities issuing Prepaid Payment Instruments shall incorporate the exclusive clause, as prescribed by RBI, on the charge of the holders of the prepaid payment instruments and / or the merchant establishments on the amount lying in the escrow account

Business Outsourcing Models Business Facilitator And Business Correspondent

(Cir 223/2010)

Business Facilitators (BFs):

Entities permitted to be engaged as Business Facilitators: NGOs/Farmers' clubs, cooperatives, community based organizations, IT enabled rural outlets of Corporate entities, post offices, insurance agents, wellfunctioning panchayats, Village knowledge centres, Agri clinics/AgriBusiness Centres, Krishi Vigyan Kendras and KVIC/KVIB units, NonGovernment Organizations (NGOs) Self Help Groups (SHGs) and Ex -servicemen .

The following services are outsourced by engaging BF:

- Identification of borrowers & fitment of activities.
- Collection and preliminary processing of loan applications including verification of primary information/data.
- Creating awareness about savings and other products.
- Financial education like advice on managing money and debt counseling.
- Processing and submission of applications to banks.
- Promotion and nurturing Self Help Group s/Joint Liability Groups.

- Monitoring and handholding of Self Help Groups/Joint Liability Groups/Credit
- Groups and others
- Post sanction monitoring.
- Follow up for recovery

Business Correspondent Model

Entities permitted to be engaged as Business Correspondents:

NGOs/MFIs set up under Societies/Trust Acts, Societies registered under Mutually Aided co-operative Societies Acts, or the Co operative Societies Acts of States, Section 25 Companies, individuals like Retired Bank employees, Retired Govt employees and Ex servicemen , Individual Kirana/Medical/fair prices shop owners, Individual Public Call Office(PCO) operators, Agents of Small Savings Schemes of Government of India/Insurance Companies, Individuals who own Petrol Pumps, Retired teachers, Authorised functionaries of well run Self Help Groups (SHGs) linked to bank, Any individual including those operating Common Service Centres (CSCs) are subject to appropriate due diligence

In addition to the above services advised for BF as per (A) a) to i) above , the

Following are the services that can be outsourced through BCs:

- a) Disbursal of small value credit.
 - b) Recovery of Principal/Collection of interest.
 - c) Collection of small value deposit.
 - d) Sale of Micro insurance.
 - e) Sale of Mutual fund products, Pension products/ other third party products.
 - f) Receipt and Delivery of small value remittances/other payment instruments
- The distance between the place of business of a BC and the base branch, ordinarily should not exceed 30 KMs in Rural/Semi urban , Urban areas and 5 KMs in Metro region
 - Should not exceed 65 years in age, at the time of appointment.
 - The BF /BC shall cease to be engaged once they complete 70 years of age.
 - Should be in a position to provide security deposit of Rs. 10,000/ - alongwith an undertaking of indemnity

The BF/BC shall undertake the following:

- Shall mobilize people for the Programme.
- Provide logistical support to the Branch in conduct of the Programme.
- The date/venue of the Programme shall be fixed in consultation with the Branch.
- Arranging Camps in the Command Area of Branch.
- Shall include identifying financially excluded and facilitate opening of CANSARAL accounts.
- Obtention of the documents required as per the KYC Norms.
- Any other task to be assigned by Bank as per guidelines for BC/BF.

Charges / Fee payable to Business Facilitators:

- Opening of CANSARAL (No Frill-SB accounts) : Rs.10/-per account

- Loan sourced resulting in sanction and disbursal : 0.50% of the loan amount Min-Rs.200/- Max-Rs.2500/-
- Promotion and nurturing SHG /Joint Liability Groups: *Per Group* Formation-Rs.500/-, Record maintenance, counseling, meeting etc-Rs.100/pm , First credit Linkage - Rs.250/-
- Post sanction monitoring of accounts entrusted to Business Facilitator: Rs.20/-per Loan account per visit with a maximum of Rs. 40/- per quarter per loan a/c
- Follow up for recovery /rehabilitation - for accounts entrusted to the Business Facilitator: Rs.20/- per Loan account per visit with a maximum of Rs.40/- per quarter per loan a/c,

Charges payable to BC:

- Charges shall be 0.25% of the value of the transaction subject to maximum of Rs.10/ - per transaction with a minimum of Rs. 1500/ - per month and a maximum of Rs. 2500/ - per month, per business correspondent.
- No fee shall be collected directly by the Business Facilitators/Business Correspondents from the customers
- The Business Correspondent can hold cash not more than Rs.5000/- (Rupees Five thousand only) at a time.
- Circle Head may review, and enhance the cash holding limit up to Rs.10000/ - depending on the requirement, selectively
- The maximum limit of single transaction shall be restricted to Rs. 2000/ - per day per customer

Various Penalties in Non Compliance
(Tax Related Matters)

- Payment of FDR Rs.20,000/- and above in cash: Penalty equal to sum of the payment.(271E of IT Act)
- Failure to furnish Annual Information Return: Penalty of Rs.100/- for each day during which the failure continues.(271FA of IT Act)
- If a person fails to furnish return of Income: Penalty of Rs.5000/- (271F of IT act)
- Non deduction of Tax(TDS) on Deposit Interest : Bank shall be assessee in default. Pay simple interest for the delayed period at 18% per annum for non deduction/non payment to Govt.(cir 228/2010)
- Failure to pay Tax :Sec 276(B) of IT Act: Imprisonment : 3months to 7 years.
- Delay in filing TDS return: Rs.100/- per day
- Non compliance of Provision of PAN : Rs.10,000/- penalty
- Delay in deposit of service tax: Interest @13% pa + penalty of Rs.200/- per day or 2% per month of tax liability, whichever is higher. Maximum equal to service tax.
- Delay in filing service tax return: Rs.2000/- late fee.

New Section 206 AA of IT Act (Cir 417/09):

- Mentioning PAN number mandatory. Otherwise, TDS @20% will be deducted.

- Effective from 01.04.2010 onwards.
- Banks should not accept 15G/15H without PAN number
- Obtaining/possessing more than one PAN is against the law and may attract a penalty upto Rs.10,000

Tax Deduction and Collection Account Number (TAN) (Cir 418/09)

- TAN or Tax Deduction and Collection Account Number is a 10 digit alpha numeric number required to be obtained by all persons who are responsible for deducting or collecting tax
- Failure to apply for TAN or not quoting the same in the specified documents attracts a penalty of Rs. 10,000.

Furnishing Of Quarterly Return In Respect Of Payment Of Interest To Residents Without Deduction Of Tax At Source - 26QAA (Cir 312/09)

- Threshold limit enhanced to Rs.10,000/- wef 01-06-2007
- Due dates : 7th July (June return), Oct (Sept Return), Jan(Dec Return), Jun(for March Return)
- For failure to file quarterly return within due date, a penalty of Rs. 100 for every day during which the failure continues will be levied

General Charges

Revenue Powers Delegated To Various Authorities Other Than Premises, Computers, Printing & Stationery (Cir.309/2010 wef 28.8.2010)

1. C & MD- Business Meetings Rs.20,00,000 // - Others Rs.10,00,000
2. E D - Business Meetings Rs.15,00,000 // - Others Rs.5,00,000
3. GM (HO) - Business Meetings Rs.5,00,000 // - Others Rs.2,50,000
4. GM/ DGM heading Circle Rs.1,50,000
5. AGM heading Circle Rs.1,00,000
6. DGM (Administrative Units / Branches) Rs.50,000
7. AGM (Branches/ Administrative Units) Rs.25,000
8. DM / CM Rs.10,000
9. Sr. Manager/ Manager of P & PR Section & Premises Section, HO/Cos Rs.10,000
10. Sr. Manager/ Managers in Admn. Units other than premises Section COs/HO Rs. 2,500
11. Sr. Manager in ELBs / FDs/ VLBs Rs.1,500
12. Sr. Managers/ Managers heading branches and services units like Accounts Section, Clearing Section, Currency Chest, RSTCs , F & I Section etc Rs.1,000
13. II line Managers in all branches incl. Scale III Mgr and faculties Rs. 1,000
14. Scale I Managers heading branches Rs.1,000

Delegated Revenue Powers Regarding Premises Matters (Cir.21/2011 wef 22.01.2011)

1. C & MD Rs.50,00,000/- //// E D Rs.30,00,000/-
2. GM/ DGM heading GA Wing Rs.15,00,000
3. GM heading Circle Rs.15,00,000
4. DGM heading Circle Rs.7,50,000
5. DGM CO Rs.7,50,000/- //// AGM Circle Head Rs.2,00,000/-
6. DGM (Branches) AGM CO / AGM GA Wing Rs.50,000
7. AGM (Branches) Rs.35,000/- //// DM / CM Rs.20,000/-
8. Sr. Manager/ Manager of Premises Section, HO/Cos Rs.10000
9. Sr. Manager/ Managers in Admn. Units other than premises Section COs/HO Rs.5000
10. Sr. Manager in ELBs / FDs/ VLBs Rs.2200
11. Sr. Managers/ Managers heading branches and services units like Accounts Section, Clearing Section, Currency Chest, RSTCs , F & I Section etc Rs.1500
12. II line Managers in all branches incl. Scale III Mgr and faculty of STC/ RSTCs Rs.1000
13. Scale I Managers heading branches Rs.1000

The powers to permit Revenue Expenditure for the works relating to provision of false ceiling, wall paneling, supply of carpets, curtains, vinyl / PVC marble floorings are delegated to the Executives of scale V and above of the controlling office. The branch officials should not exercise their delegated powers for these items.

Business Development Expenses (Cir 177/08) wef 01-04-08

Scale VII	: Rs.25,000/-
Scale VI	: Rs.20,000/-
Scale V	: Rs.12,000/-
Scale IV	: Rs.10,000/-
Scale III - Senior Managers	: Rs.8,000/-
Scale II Managers	: Rs.7,000/-
Scale I Officers	: Rs.6,000/-

Annual Subscription to Clubs: Maximum Rs.1000/- per annum

LEGAL EXPENSES: Branches can approve advocate's bills in respect of suits upto Rs.5.00 lacs, as per schedule of rates provided by CO. Above this, forward to CO.

ADVOCATE FEE in DRT matters: 1% of the claim amount with minimum Rs.12,500/- and maximum Rs.30,000/-.

Local Purchase Of Stationery – Limits per annum (Cir.318/2010)

Small branches/Currency Chests - 5000
Medium Branches, Lead Bank Offices - 10000
Large branches/ VLBs/ Accounts Section/LPCs - 15000
ELBs/PCBs/RSTCs/ZIs/RAH/ID - 20000
Premises Section Of Circle Offices – 50000

Telephone To Residential Quarters

No.of Free Calls permitted per month (excluding free calls allowed by BSNL/MTNL)

Eligible Officer/Manager/Sr.Manager	: 500
Divisional Manager	: 750
Asst. General Manager	:1200
AGM Heading Ros	:1500
Seniormost AGM at CO	:1500
DGM	:2500
GM	:3500

Income Tax Rates For The Financial Year 2011-12

(Cir 111/2011)

For Individuals (other than resident woman of below 60 years of age and resident individuals of 60 years or more of age)

Total Income	Tax Rate
Where the total income does not exceed Rs. 1,80,000/-	NIL
Where the total income exceeds Rs.1,80,000/- but does not exceed Rs.5,00,000/-	10% of the amount by which the total income exceeds Rs.1,80,000/-
Where the total income exceeds Rs.5,00,000/- but does not exceed Rs.8,00,000/-	Rs.32000- plus 20% of the amount by which the total income exceeds Rs.5,00,000/-
Where the total income exceeds Rs.8,00,000/-	Rs.92,000/- Plus 30% of the amount by which the total income exceeds Rs.8,00,000/-

Resident woman of below 60 years of age

Total Income	Tax Rate
Where the total income does not exceed Rs. 1,90,000/-	NIL
Where the total income exceeds Rs.1,90,000/- but does not exceed Rs.5,00,000/-	10% of the amount by which the total income exceeds Rs.1,90,000/-
Where the total income exceeds Rs.5,00,000/- but does not exceed Rs.8,00,000/-	Rs.31000/- plus 20% of the amount by which the total income exceeds Rs.5,00,000/-
Where the total income exceeds Rs.8,00,000/-	Rs.91,000/- Plus 30% of the amount by which the total income exceeds Rs.8,00,000/-

All resident individuals of 60 years or more of age(To avail the benefit of Senior Citizen, the resident individual should complete 60 yrs at any time during the financial year)

Total Income	Tax Rate
Where the total income does not exceed Rs. 2,50,000/-	NIL
Where the total income exceeds Rs.2,50,000/- but does not exceed Rs.5,00,000/-	10% of the amount by which the total income exceeds Rs.2,40,000/-
Where the total income exceeds Rs.5,00,000/- but does not exceed Rs.8,00,000/-	Rs.25000/- plus 20% of the amount by which the total income exceeds Rs.5,00,000/-
Where the total income exceeds Rs.8,00,000/-	Rs.85000/- Plus 30% of the amount by which the total income exceeds Rs.8,00,000/-

All resident individuals of 80 years or more of age(To avail the benefit, the resident individual should complete 80 yrs at any time during the financial year)

Total Income	Tax Rate
Where the total income does not exceed Rs. 5,00,000/-	NIL
Where the total income exceeds Rs.5,00,000/- but does not exceed Rs.8,00,000/-	20% of the amount by which the total income exceeds Rs.5,00,000/-
Where the total income exceeds Rs.8,00,000/-	Rs.60000/- Plus 30% of the amount by which the total income exceeds Rs.8,00,000/-

Income Tax Surcharge: NIL

Education Cess: - Education Cess of 2% has to be added on income tax(for salary & any payments made to NRI).

Secondary & Higher Education Cess: - Secondary & Higher Education Cess of 1% has to be added on income tax(for salary, any payments made to NRI).

- * TDS at higher of the prescribed rate or 20% have to be deducted on all transactions liable to TDS, where the Permanent Account Number (PAN) of the deductee is not available with the Branch.
- * It is also applicable to all non-residents in respect of payments / remittances liable to TDS.
- * Payment to Contractors / Sub Contractors :TDS applicable : Per Transaction : Rs.30,000/- Annual payment Rs.75,000/-
- * Commission, Brokerage : Rs.5000/- . Rent Rs.1,80,000/- p.a. , Professional Services : Rs.30,000/- pa.

Prevention of Accidental Firing of Gun

(cir 229/2008)

- Armed guard should attend one training programme in a year. There should NOT be a gap of more than 15 months between 2 trainings.
- Guns which are 10 years old are to be inspected and should be serviced once in 6 months.
- More than 20 years old Guns should be replaced.

Burglar alarm system. (cir 286/2008)

- Branch managers should check the burglar alarm system DAILY for serviceability and set the appropriate mode.

Some Important Matters:

1. A Banking transaction in a branch costs between Rs.35 and Rs.40, at ATM between Rs.15 and Rs.30, Mobile Phone transaction would cost about Rs.2-5.
2. Phising refers to a phenomenon in which the customer gets an e-mail that deceptively claims to be from the bank and asks for account related information, Credit Card particulars, Pass words and PIN.
3. As per Supreme Court Judgement, even if the guarantee is revoked before the loan amount is disbursed, the defaulted amount will have to be paid by the guarantor.

Currency Chest Transactions

Levy of Penal Interest for Delayed Reporting / Wrong Reporting / Non-Reporting of Currency Chest Transactions and Cases involving Shortages/Inclusion of Counterfeit Banknotes in Chest Balances / Chest remittances. (Cir 239/2009)

- The minimum amount of deposit into/withdrawal from currency chest will be Rs.1,00,000 and thereafter, in multiples of Rs.50,000/-.
- Reporting to link offices by chests, by 9 pm. Link Office to Issue Office by 11pm.
- In case re-issuable banknotes are found to be in excess of 5% in any soiled note remittance, the entire remittance will be returned to the bank at its cost.
- Penal interest is Bank Rate + 2%

Scheme of Incentives And Penalties For Bank Branches Including Currency Chests Based On The Performance In Rendering Customer Service To Members Of Public

Cir NO.267/2008 & 203/2010, 296/2010, 5/2011

- Non functioning of CC TV in Currency Chest: Fine by RBI Rs.5000/- for first time and Rs.10,000/- in case of repetition
- Non acceptance of small denominations remitted by Public, Refusal to accept soiled notes remitted by public: Penalty by RBI Rs.10,000/- . Rs.5 lakhs penalty in case there are more than 5 violations by the branch. The same will be placed in public domain.
- Incentive for establishing Coin Vending Machine: **Capital cost:** Urban / Metro / centres - 50% ; Rural / Semi Urban centres - 75% + **Operational cost @ Rs. 25 per bag.**
- Currency Chests are required to submit their claims for incentives at the end of each calendar quarter through their link offices. The quarterly claims for incentives should be duly verified and certified by the Auditors / Internal Inspectors and should reach the Issue Department of Reserve Bank of India through their link offices on or before the **5th of the succeeding month** i.e., January / April / July / October.

Examination of Banknotes before Issuing over Counters, Feeding ATMs and Remitting to Issue Offices of Reserve Bank: Cir.295 / 2010

- All notes of **Rs. 100 and above** are processed through machines conforming to 'Note Authentication and Fitness Sorting Parameters' prescribed by RBI from time to time, before issuing them over the counters or through ATMs.
- All bank branches having **average daily cash receipts of over Rs.1 crore** shall start using such **machines by March 2010**. Further, all bank branches having **average daily cash receipts between Rs. 50 lakh and Rs. 1 crore** shall start using such machines by **March 2011**.
- Each banknote which is determined as a counterfeit one, shall be branded with a stamp "COUNTERFEIT BANKNOTE". For this purpose, a stamp with a uniform size of 5 cm x 5 cm with the following inscription may be used. COUNTERFEIT BANKNOTE IMPOUNDED.

Preservation of Counterfeit Notes Received from Police Authorities: Cir.295 / 2010

- These Counterfeit Notes at branches should be subjected to verification on a half-yearly basis (on 31st March and 30th September) by the Officer-in- Charge of the branch concerned. These should be preserved for a period of three years from the date of receipt from the police authorities.
- The Counterfeit Notes may thereafter be sent to the concerned Issue Office of Reserve Bank of India with full details.
- The Counterfeit Notes, which are the subject matter of litigation in the court of law should be preserved with the branch concerned for three years after conclusion of the court case.

Retail Sale of Gold Coins

(Cir NO.112/2008)

- * 24 Karat 999.9 pure gold Swiss made with Assay Certification, supplied by a reputed and known PAMP Refinery Switzerland, signifying the highest level of purity as per international standards.
- * Round shape customised gold coins in denomination of 5, 8, 10 and 20 grams.
- * Packaged in a tamper proof laminated card for easy viewing and prevent damage/theft during transit.
- * In case of any defect as to quality and quantity, coin will be replaced by the manufacturer as long as certicard is intact.
- * Both customers and non-customers are eligible to buy gold coins. Any transactions of Rs. 50000 or more will attract the requirement of quoting of PAN.
- * The sale price depending on the market rate will be informed on day to day basis by Precious Metal Cell, ID Mumbai.
- * Gold coin can be purchased from our designated branches.

INFORMATION TECHNOLOGY

Our Bank's Board Approved Information Technology Security Policy

(Cir 224/2010) Other Ref: Circular 209/2005, 90/2006

- The constitution of the IT Security committee : 1. GM - RM wing (Chairman) + 2. GM - DIT Wing + 3. GM - IS Audit, Inspection wing + 4. GM - Personnel wing + 5. CSO - Central security.
- Chief Information Security officer (CISO) will be Convenor of IT Security Committee.
- IT Security Group, Compliance Dept. will coordinate the work of IT Security Committee and assist in monitoring the above standards

Asset Classification based on Criticality:

- **High:** Loss / non availability would cause an extreme disruption to the business, or asset requires significant effort to restore.
- Examples: Servers - Hardware Physical High // Servers – Software Software High // // Firewall Physical High // Switches, Routers, Hubs, Modems Physical High // AC, UPS Services High // Database Administrator Human Resource High

- **Medium:** Loss / non availability would cause a moderate disruption to the business, or asset requires moderate effort to restore. Examples: Desktops/Laptops-Hardware Physical Medium // Desktops/Laptops-Software Software Medium.
- **Low:** Loss / non availability would cause minor disruption to the business, or asset could be easily restored. Examples: Furniture & Fixtures Physical Low

Security Measures:

- Window grills / ventilator grills of the computerized branches should be at least 12mm MS Rods with **4 inch square**. The grills should be embedded in wall and not screwed to the window frames.
- CCTV / camera images should be retained for a period of **90 (ninety) days**
- **Fire safety:** The temperature and humidity level in the Server room/Network Room should be maintained at prescribed level. (Normally 180 ± 10 C and Humidity at $50 \pm 5\%$). Thermometer and Hygrometer should be provided to monitor daily
- Data cabling and electrical wiring should run in a way that a **gap of at least one-foot** is maintained between them, to avoid electromagnetic interference
- **Fire protection:** Portable fire extinguishers **one each** outside the **server room** and **UPS room** shall be provided. **Two extinguishers for every 1800 Sq. Ft of area or part thereof.** Employees should be trained in their proper use.
- Fire extinguishers to be **refilled once in a year & serviced half yearly**
- All the IT Equipments (including servers, network equipments, computers etc) should always run on regulated power supply i.e. UPS. 2 UPS systems should be there in branch.
- UPS should have a battery backup for a **minimum period of 4 hours**.
- **UPS maintenance** should also include **battery back checkup quarterly**
- Separate UPS should be provided for all ATM machines
- Earthing should be maintained & tested at least **once in a quarter**
- AC should be provided in the computer room / server Room / data center so as to control the temperature at the desired level (**normally, Temperature $18^{\circ}\text{C} \pm 1^{\circ}\text{C}$ & Humidity $50\% \pm 5\%$**) and mitigate the failures / crash / disasters resulting out of excess temperature as a measure of business continuity
- All the storage media containing data, application software, operating system software, other system software, any other confidential information etc. shall be preserved in **fire resistance data storage cabinet (FRDC)**.
- The length of the password should not be less than "**eight**" (8) characters
- While Choosing the passwords the following factors may be borne in mind and use: 1. Password with mixed case alphanumeric characters; 2. Both upper and lowercase characters; 3. Password with non-alphabetic character, e.g. digits, punctuation, special characters etc.
- Due care should be taken to **change passwords at least once in a month** or as the system/application demands and the guidelines in force;
- **Reusing** of password should **not** be **allowed** for the **next 6 times**.

Preservation and destruction of e-records:

- Clearing Inward and Outward e-records (DATA) are to be preserved for a period of **one year** where there is no clearing difference
- In case of clearing difference, such e-records (DATA) are to be preserved for a period of **one year from the date of tallying the difference**

- FBR safe is properly secured and is always kept under lock and key. The key has to be held by the person **not less than the rank of an Officer**.
- The Manager or an Officer should go through these **e-Records Registers** at least **once in six months** to ensure that proper care is taken and the e-records are maintained properly
- A **certificate** should be submitted by the branches as on the **last day August of every year**.
- **Destruction / discarding unusable storage/backup media like Floppies, DATs, Tapes, Compact Disks (CD) and CTDs etc:** Permission from the concerned BC/TBC/EDP Section at Circle is required : To be destroyed in the presence of 2 officers/managers. Destruction to be done **ONCE IN A YEAR**

Guidelines On E-Mail

- **Replying to emails:** Emails are preferably to be answered/acknowledged within **at least 8 working hours**, but users must endeavor to answer **priority emails within 4 hours**
- Foreign branches & subsidiaries can access **CanMail** through VPN SSL system
- All **confirmed staff in Scale I and above** of Administrative Offices and **Executives in branches** are entitled to have demi-official CanMail Ids (E-mail Name ID).
- **Passwords secrecy** should be maintained by the users and **should be changed once in 90 days**.
- Email accounts **not used for 90 days** will be deactivated and possibly deleted
- If mail/s is not downloaded for more than **90 days** from the mail server, the mails and mail ID will be deleted permanently from the server without notice to the end user.
- If the user goes on long leave, accessing of mail ID should be provided to one of the users in the section under the intimation of Manager of the section
- Emails quarantined if any, by the antivirus and content filtering should be kept in the **quarantine folder for 7 days**
- Files with more than 1 MB should be compressed before sending
- All emails received by the corporate e-mail IDs are to be retained for **minimum period of 30 days in mailbox**. If a user has sufficient reason to keep a copy of an email, the message must be moved to the folder '**For archiving**'
- The **branch-in-charge** is authorized and **responsible for attending/responding emails** and the Branch / designated branch-in-charge email id has to be configured in branch-in-charge system.
- Message size > 5 MB will be deleted
- Maximum No. of recipients for a mail is greater than 250 □ Delete

Core Banking Branches: Roles Under FCR

- VAULT TELLER : will be assigned to **one of the DL Key Holders** in addition to regular Functional role. The Vault User will be **responsible for** maintaining the details of **all types of Securities** of the branch in the Computer System and he should on a daily basis, ensure that the physical securities including cash maintained in the system are tallying with the cash & security items available physically. Particulars of Vault Teller should be entered in Security Register.
- Please note that the role of the person assigned with the role of the branch in charge (Template Code 80) should not be changed during the day
- **Password change due report:** The system prompts the user to change password 5 days in advance.

Types Of Attacks (Cir.130/2009, Cir.387/2009)

- **Stealing** — Physical stealing of username and passwords.
- **Sniffers** — Also known as network monitors, this is software used to capture information from the network. This software could capture logon IDs and passwords
- **Guessing Passwords** — Using software to test all possible combinations to gain entry into a network.
- **Brute Force** — A technique to capture encrypted messages then using software to break the code and gain access to messages, user ID's, and passwords.
- **Phishing:** An attacker calls impersonating as an authorized official from the Bank to gain information or a mail is sent which apparently looks like from genuine source seeking information from customer. Also the links provided in the mails can lead to sites which would steal the personal information of the person who fell prey to such attacks.
- **Phishing** is a common form of Internet piracy. It is deployed to steal users' personal and confidential information like bank account numbers, net banking passwords, credit card numbers, personal identity details etc. Later the perpetrators may use the information for siphoning money from the victim's account or run up bills on victim's credit cards.
- **Spoof sites:** These are web sites created by criminals to trick users into giving their personal information. The sites are designed to copy the exact look and feel of the "real" site
- **Skimming** is an illegal act of capturing Credit /ATM/Debit Card numbers and PIN by using skimmers mounted on ATMs, clearly disguised to look like normal ATM equipment. The “skimmer” may be a hidden wireless camera which would beam the details as soon as the customer uses the card and enters the PIN.

ATM Cash : Surprise Verification:

- * BS&IC Section, CO to ensure that surprise verification of cash at all the ATMs is conducted at least **once in 3 months**.
- * In case of **onsite ATMs**, officials of the branch will be available at the time of replenishment of cash by Cash Replenishment Agency (CRA). Any of the branch officials designated by the **branch-in-charge of the base branch** may conduct surprise verification of the cash **once in a quarter**.
- * In case of **Off-site ATMs**, since the ATMs are located outside the branch premises at a distance, branch officials should be available at the off-site ATM at the time when CRA visits the place for replenishment.

Remaining Cash:

- * Remaining cash for the day is being deposited in the vault (maintained by the Agency) and the same is replenished on the very next day.
- * Surprise cash verification of such vaults should be entrusted to CO / Inspecting Officials.
- * Cash held at vault should be checked at least **once in a quarter** and the same should be verified / tallied with the report submitted by the service provider.
- * It should be ensured that Cash in vault = Cash handed over to Agency – Sum of cash deposited in all ATMs.

- ✱ It is the responsibility of Circle Office and branch Manager to ensure 100% quarterly cash verification.

Debit Cards/ATM Cards

(Cir no.329/06, 178/08, 262/2009)

- First successful usage in ONLINE mode at any ATM
- Maximum number of invalid PIN retries is 3 only. After this the card will become inactivated.
- Our ATM Service is : BASE 24 SWITCH (cir no.289/06)
- If debit card is not taken back from ATM with in 20 seconds, it will be captured (cir no.155/2010). Cash to be collected within 15 seconds.
- Debit card applications in DBF form only (Cir 258/07)
- Mention name not exceeding 19 characters including space
- CBS branches – Account number 13 digit
- Validity of Debit card is 10 years wef 01-08-08 (cir 178/08)
- Debits in customers account due to failed ATM transactions to be re-credited within 12 working days from the date of receipt of complaint. After 12 days, penalty of Rs.100/- per day payable to customer.(cir 262/09)
- The Reserve Bank of India has reduced the time that banks take to resolve customer's complaints regarding ATM transactions to seven working days from 12 working days. Banks, which fail to resolve complaints within seven working days, will have to pay customers Rs 100 per day as compensation. The new guidelines will be effective from July 1 this year. However customer has to lodge the complaint with in 30 days of transaction.
- SURPRISE VERIFICATION OF CASH AT ATMs, where services of Outside Agencies are engaged for replenishment of cash in ATMs: Once in 3 months by Base branch official. (CIR 72/2010)
- UNDELIVERED PERSONALISED DEBIT CARDS beyond a period of 3 months from the month of issue are to be destroyed by branches (Cir 64/2010)
- ATM captured cards of same branch: Deliver to customer within 2 days, Other branches of our bank or cards of other banks (other than SBI): Destroy the card and maintain register, SBI cards : send to SBI Central Office (cir 155/2010)
- ATM Card replacement charges: Rs.50/-
- Debit Card Hotlisting charges: Rs.150/-
- Withdrawals by using other bank ATMs : 5 transactions per month free of cost. Each withdrawal is restricted to Rs.10,000/-. Beyond 5 transactions, charges of Rs.20/- per transaction are charged.
- From July 1, 2011, bank customers will be charged for making a balance enquiry and taking a mini-statement if they exceed the limit of five free transactions at other bank ATMs.

Reconciliation Of Failed Transactions At ATMs (Cir 262/09)

- Debits in customers account due to failed ATM transactions to be re-credited within 12 working days from the date of receipt of complaint
- Failure to re-credit within 12 working days attracts penalty @ Rs 100/- for each day's delay.

- Wherever Branches receive complaints from other Bank customers regarding failed ATM transactions while using other Bank's cards at our ATMs, Branches to advise such complainants to lodge their complaints with the card issuing Banks.

Global Debit Cards (Visa & Master)

(Cir no.92/2008)

- Our Debit cards are now compatible for global usage, for withdrawal of cash and for purchases/availment of services
- However billing is done in Indian rupees only.
- As per RBI regulations, foreign currency transactions are not allowed in Nepal and Bhutan.
- The transactions done in foreign currency will be converted to Indian Rupees at the designated currency rate of Visa/MasterCard as the case may be duly loading a **mark up fee upto 3% to cover fluctuations in cross currency rate** between the time the transaction is done & payment is settled.
- Present per day Limit of Rs 20,000 (or rupee equivalent in the case of foreign exchange transactions) applicable for cash withdrawal and purchases at Merchant locations (through POS EDC machines) through Debit cards is applicable to Global Debit card also.
- The cardholders are provided with a free replacement card facility on request upon returning to India after using the card abroad. This is to safeguard cardholders from counterfeit card transactions, as many unfair practices like skimming, phishing etc are rampant abroad.

Canara Bank Debit Card – Non Personalised (CBDC-NP)

(Cir 307/09, 180/2010, 349/2010)

- Similar to our Debit cards, but validity is 3 years only. Name of card holder does not appear on the card.
- Issued in association with Visa International
- Issued in all Branches except rural Branches where it can be issued on recommendation of Circle Head only.
- Card will be activated after 3 working days from the date of linking the card
- Replacement of card for damaged cards, at issueing branch itself.
- If customer requests for personalized Debit card before expiry of non personalized card, it can be issued by charging service charges of Rs.100/-
- Benefit: This card can be issued instantly after opening the account, at the opening branch itself.
- 16 digit number : First 6 digits- BIN number, next 4 digits – branch DP code, next 5 digits – card serial number, next 1 digit – check digit.
- Card should not be issued where the printed validity period expires in next 6 months.
- In can also be issued in all eligible existing accounts.
- SMS alerts for all transactions of Rs.5000/- and above, and where mobile number is provided.

CANARA CAMPUS CARD(Cir 79/2011)

- Canara Campus Card is a variant of Debit Card issued to the students.
- It is issued co-branded with reputed Educational Institutions
- Bank will provide rent free Point of Sale Electronic Data Capturing Machine (POSEDC) at the Campus of the College.
- No merchant commission will be collected from the Institutions where the Canara Campus Cards are used at the POSEDC machines provided by us.
- The Canara Campus Card can be used like any other normal Debit Card besides using it to pay College Fees.
- The Student and the Institution shall open an account with the core banking branch of the bank.

CANARA BANK DEBIT CARD-PLATINUM(Cir 81/2011)

- Canara Bank Debit Card – Platinum is a variant of existing Canara Bank Debit Card.
- Eligibility : Customers having average quarterly balance of Rs.1 lakh and above in SB/CA. or.Existing Canara Bank Debit Card holders who have used the Canara Bank Debit Card for purchases totally to the tune of Rs.50, 000 and above during the previous 12 months.
- Cardholders have complementary insurance benefits; Cash back on purchases, increased purchases limit and concierge services.
- Daily purchase limit of Rs.2 lakh.

CANARA GIFT CARD(Cir 94/2011)

- CGC is a prepaid plastic gift card preloaded with the value of money mentioned thereon that can be used all over India for purchases only.
- CGC is a very convenient way of gifting for individuals to their near & dear ones, for Corporates to their employees, for Businessmen as promotional gifts.
- Canara Gift Cards are issued by debit to customer's accounts only to comply with the KYC/AML requirements.
- Card Validity is ONE year from the date of production of cards.
- Cards with residual validity of less than 6 months shall not be issued to the Cardholder.
- The Canara Gift Card will be activated for usage on T+1 working day (Transaction day + one working day).
- CGC is a non-personalised card, i.e., neither name of the purchaser nor the beneficiary will appear on the card.
- CGC is a domestic card and can be used only in India and Nepal (RBI stipulation – Prepaid Cards in local currency should not be used for cross border transactions).
- The Card will be issued in association with M/s Visa International. The card is acceptable at all merchant locations in India/Nepal where Visa logo is displayed.
- Card will be issued in 4 denominations of Rs.5,000, Rs.2,000, Rs.1,000 and Rs.500.
- CGC can be used for purchases only at Point of Sale (POS). Mail Order / Telephone Order (MOTO) transactions will not be permitted.
- Cash cannot be withdrawn either in ATMs or POSEDC machines. Balance inquiry can be done at our ATMs free of cost. For this purpose, a PIN mailer will be provided along with the CGC. However, PIN change option will not be available. balance enquiry through other Bank ATMs will not be facilitated as it involves cost.

- Lost card will be hotlisted on receipt of information of loss of card at ATM Switch Room. No replacement card will be issued.
- No interest is payable on the CGC balance.
- Gift Card Issue fee is (i) Rs.25/- for Card Denominations of Rs.500 & Rs.1000 (ii) Rs.100 for Card Denominations of Rs.2000 & Rs.5000

CASH WITHDRAWAL AT POS(Cir 78/2011)

Reserve Bank of India has permitted Cash dispensation against Debit Cards issued in India at Point of Sale upto maximum of Rs.1000 per card per day.This facility is available at Selected Member Establishments only.

Merchant Commission: On all Cash Withdrawal at POS transactions acquired at our designated Member Establishments, the Bank shall pay an incentive of Re.0.20 plus service tax per Rs.100 on the acquired amount to the Merchant.

The cardholder's account will be debited the following charges;

Our Debit Cards used at our designated merchants	Rs.5 + service tax
Our Debit Cards used at other Banks' merchants	Rs.6 + service tax
Other Banks' Debit Cards used at our designated Merchants	We receive Rs.5 from the Card Issuing Bank.

ATM – Cheque Deposit Facility – Cir 43/2008

- Available only at the on-site ATM attached to the branch where the customer has his account. Local and outstation cheques can be deposited
- Following cheques to be returned - name and a/c number not tallied, ATM cardholder of other branch deposits his cheque, Amount on the pay in slip does not tally with that of the cheque. Cheque to be returned with 24 hrs. Customer to be informed by phone immediately. Amount on such cheques should not be collected and parked in SL.

Renewal Of Debit Cards Procedural Guidelines (Cir 307/2008):

For automatic renewal of debit cards, there should be atleast 1 transaction during preceding 24 months, as on date of initiating renewal process. This process will be commenced 2 months prior to expiry of card. Renewed debit card with new 16 digit card number and **validity : 10 years** from the first day of issuing month.

Real Time Gross Settlement Scheme – Canspeed

(272/04, 44/06, 175/06,201/06, 27/2008, 157/08,199/08, 39/09,210/09, 8/2010, 220/2010, 382/2010)

- Our bank is 'A" type RTGS member and Y Shape structure.
- Funds and Investment Section Mumbai is the gateway
- RTGS-PI(Participant Interface) is installed at F & I section
- Each branch has been allotted an INDIAN FINANCIAL SECTOR CODE IFSC CODE
- Minimum amount Rs.2 lakh.
- Wrong Credit to be returned as fresh RTGS outward Message
- Only to customers by debit of their account and KYC norms to be verified
- Timings 9 AM to 4-30 Pm for customer Transactions and 9 am to 6 PM for inter bank transactions. On Saturdays 9 am to 13-30 noon for customers and 9 am to 15-00 pm for interbank transactions (Cir no.220/2010).
- If it is not possible to credit the funds to the beneficiary customers' account for any reason e.g. account does not exist, account frozen etc. Funds to be returned to the originating RTGS member bank branch within **one and half hours** of receipt of the payment at the PI (Participating Interface i.e. Funds and Investment Section, Mumbai) or before the end of the RTGS Business Day, whichever is earlier, by way of R42 message format (Cir 210/09)
- In case of any delay in providing credit to the beneficiary's account and in returning payment to the originating member bank branch, the branch will be liable to pay **compensation at 2% above current RBI LAF repo rate, respectively** to the originating bank branch. (Cir 344/2010)
- The return payment has to be sent by the branch as a fresh inter-bank payment (IFN 298R42).
- RTGS customer transactions through 298 R41 message format.
- **Commission:** (Cir no.382/10) : RTGS : Rs.25/- for funds transfer above Rs.2 lakh to Rs.5 lakh, Rs.50/- for above Rs.5 lakh (Service tax to be collected extra as per cir 20/2009)
- All branches are covered under RTGS.
- Risk Taken care of: Systemic Risk and Settlement Risk.

National Electronic Funds Transfer – NEFT

(85/2006, 104/2010).

- Previously called as SEFT.
- Hourly Settlements in normal days from 9am to 7 pm (Total 11 settlements). On Saturday, 5 settlements from 9 am to 1 pm.
- Delay in credit to Party's Account or delay in refunding the NEFT amount to remitting bank branch, penal interest payable is RBI LAF Repo + 2%. Uniform penal interest applicable to all electronic remittance.(cir 359/10)
- **PARTIES TO FUNDS TRANSFER:** The parties to a funds transfer under the NEFT system are the sender, sending branch, Service branch of Sending Bank (Mumbai Clearing section for our Bank), the RBI NEFT Centre (National Clearing Cell, RBI, Mumbai), beneficiary bank and the beneficiaries.
- Branch should obtain an agreement as per format given in circular from each customer before making available the facility of NEFT.
- For all NEFT transactions, the funds are to be credited to our Clearing Section, Mumbai (DP Code : 136, IFSC: CNRB0MUMCLG).

- Our Bank uses SFMS as the NEFT message carrier.
- SFMS has advanced in-built security with Public Key Infrastructure (PKI).
- For NEFT message transfer using SFMS, officials with Digital certificate on Smart Card are necessary at branches.
- New Transaction Code no.52 introduced by RBI to facilitate recovery of card dues electronically through NEFT (cir 195/08)
- Return the inward NEFT **within 2 hours** (B+2) of completion of the batch it is received.
- Remitter will receive Credit Acknowledgement (SMS/E mail) on completion of transaction
- Commission - NEFT : Rs.5/- for funds transfer upto Rs.1 lakh, Rs.15/- for above 1-2 lakhs and Rs.25/- for > Rs.2 lakhs (Service tax to be collected extra as per cir 20/2009)

NEFT Worker's Remittance to Nepal

(Cir: 230 /2008 & 54/2009)

- One-way remittance facility by Nepalese migrant labourers only.
- Transfer of funds up to Indian rupees 50,000/- to Nepal. (The beneficiary would receive funds in Nepalese rupees).
- Remitter need not be an a/c holder. (walk-in customer is also OK - upto Rs.50,000/-)
- Maximum of 12 remittances in a year
- Nepal SBI Ltd has tied up with a money transfer company (M/s Prabhu Money Transfer Pvt Ltd) in Nepal, who would make arrangements for delivery of cash to the beneficiary.
- The remitter has to GIVE proof of identification document like Passport /PAN / Driving License
- KYC norms.
- Commission : If beneficiary maintains account with Nepal NSBL: Rs.5/- by our Bank, Rs.20/- by SBI (Rs.10/- by SBI, Rs.10/- by Nepal SBL) ie total Rs.25/- to be collected by originating bank and pass on to SBI. If party does not maintain account with Nepal SBL, additional charges of Rs.50/- for remittance upto Rs.5000/- and Rs 75/- for remittance above Rs 5000/-.

Internet Banking To Customers

- Facilitates easy and secured access to account information at any time from any part of the world through internet on 24x7 basis.
- IMB Customer can have the following facilities with the help of his User ID, Login Password and Transaction password :
 - View account details – CASA, TD, Loan Accounts
 - Query account activities – CASA, Loan Account and other queries
 - Online Financial Transactions – Intra bank funds transfer
 - Inter bank Funds transfer
 - Online Payment – Tax Payment – Excise & Service Tax
 - Other utilities – Bill Payments
- Besides, the customer can also have SMS alerts enabled on his account to receive SMS alerts for transactions exceeding Rs.5000/-
- Validity of pass word : ONE YEAR (Cir 19/2010)
- User ID will be locked after a period of 2 months, if the user has not logged in for a period of 2 months continuously(User Hibernation)

- If a customer wants to withdraw internet banking facility, he has to give 21 days notice.
- 'CanSecure Software Token' which is implemented for IMB users is a safe and secure method of online Banking. It ensures that customers are always connected to the correct site and protects them from hacking /malicious programs.(Cir 425/2010)

Automated periodical pass sheet generation (Cir14/2011)

- Facility of Automatic generation of CASA Account statements at specific frequency as per the requirement of the customer.
- Fast Path Option – CHM34 – Special frequency statement may be used by branches.
- Report MS240 –'Regular Savings Statement' - to be used using option 7775/7778 otherwise opt for URL http://cbsreports/MisRpts/Spl_Freq_Stmts for pre-generated CASA statements.

E-Payment of Direct Taxes (Cir no.340/07)

- A value added but free service available to IMB Clients which offers convenience of making on-line payment of Direct Taxes through Bank's Internet Banking Services on 27X7 basis.
- Nodal Centre: Jayanagar 9th Block, Bangalore for collection of Direct Taxes
- E-Payment of Tax is free of charges
- Transactions made after 8.00 pm to be included in next days transaction.

Funds transfer facility through NEFT to retail customers under internet banking.

(Cir.139/2010)

- Fund transfer upto **Rs. 2 lakh per day** per customer.
- Fund Transfer facility available to **own a/c as well as Third Party** account
- **SMS alerts** for transactions above **Rs.5000/-** presently
- Available only to retail accounts with internet banking facility
- Eligible Accounts: Individual a/cs, Joint Accounts with operation condition - severally

Structured Financial Messaging System

(54/04,167/06,241/07, 315/07, 3/08)

- IBA need not be generated for SFMS transactions, as is being done for RTGS and NEFT.
- For SFMS messages (outward remittance), the originating branch user should mention IBA number against Message User Reference (MUR) column, as is being done for RTGS and NEFT transactions.
- For SFMS inward remittance, the destination branch users shall debit Head Office Account based on the IBA number furnished under MUR column of the SFMS message
- HO credit advices (IBAs) of Rs 50 lakhs and above should be sent through SFMS after verifying that the receiving branch is also SFMS enabled. No physical IBAs are

generated. The SFMS print out at the drawee branches itself is to be treated as IBA and Message User Reference No (MUR) is the IBA number. For details refer HO cir 167/06 dated 5.6.2006 (315/07)

- IBAS in respect of realisation of OSCS, FOSCS, OBSCS, FOBCS, CDB, SDB, FDB, FCDB, supply bill etc., are to be sent through SFMS irrespective of the amount (cir no.3/08)
- new transaction codes 34 (for external items –such as OSC / salaries / tax collection etc.,- and 74 (for internal items such as CDB, SDB , BAR etc.,-) introduced (3/08)
- SFMS gateway is located at DIT, HO
- Digital Certificate is issued by IDRBT – Institute for Development and Research in Banking Technology, Hyderabad
- Branch to obtain an agreement from each customer
- The agreement is valid for every payment order until the agreement is cancelled

Lodging Foreign Inward Remittance (Cir 332/2010)

Foreign Inward Remittance should be lodged through LINK product in place of FIRM product in FCC module.

Western Union – MTSS (Cir no.22/04)

- Cap of USD 2500 on individual transaction
- 12 remittances in a year
- Amount received cannot be repatriated nor credited to NRE
- No Foreign inward remittance Certificate can be issued
- 10 digit money transfer Control Number for identification
- No physical BAR to be raised
- Indian agent M/s Wizemman with effect from 01.02.2007

Telebanking Services under CBS (Cir 28/2008)

- **10 FACILITIES AVAILABLE** =- enquiry of balance, details of last 5 transactions, request for statement, change of password, cheque status enquiry, stop payment instruction, loan details of retail customers, information on the bank's products/services, reporting loss of ATM/Debit card and Demat account details(except on line booking)
- C.I.N – Customer Identification Number – Unique 10 digit number allotted by flex cube
- T.P.I.N. – Telephone Personal Identification Number – 6 digit password

- Eligible accounts – Individuals, Joint a/cs with either or survivor, A/cs of proprietorship and NRI A/cs.
- Ineligible accounts - A/cs of illiterates, a/cs of blind persons, a/cs of HUF, A/cs of minors, Jointly operated a/cs, encumbered a/cs, blocked accounts, in-operative accounts.
- CINs and TPINs are generated from a central location and dispatched by them directly to the customer, deliverable only to the account holder..
- In case the customer fails to remember the PIN he has to obtain a fresh PIN from DC & C Group, DIT through the branch after payment of Out of pocket expenses.
- Telebanking services Toll free No. 1800 425 0018
- There are 3 options for requests for statement of account over fax – fax on demand, fax to registered number, fax to specific number

RBI Remittance Facility Scheme 2007

(Cir 279/2007)

- RBI-RFS 2007 Effective From 2.7.2007.
- Minimum amount for Central & State Govt is Rs.1000/-. For commercial Banks at Non RBI centres, a minimum amount of Rs.1 lakh and thereafter in multiples of Rs.50000/-
- SBI has cancelled the TT discounting facility extended to our branches
- Branches to use RTGS facility for remittance of surplus/procurement of funds
- Remittance of surplus funds from the Bankers Account shall be restricted to 4 times a week
- A flat fee of Rs.200/- per transaction for the first four remittances in a week
- Commission at the rate of Rs.1 per Rs.1000/- subject to a minimum of Rs.200 and maximum of Rs.1500 per transaction from the 5th remittance onwards in a week

Electronic Clearing Service

- **ECS – Debit:** Useful for payment of utility bills like electricity bills, telephone bills, water bills etc. Multiple Debits and amount goes to beneficiary's account by way of single credit.
- For every debit, we have to obtain authorization in duplicate from customer and preserve one copy for our records.
- Return of ECS DEBITs are treated on par with Cheque Return. Charges are to be collected like cheque return.
- **ECS Credit:** Useful for remittances like dividend distribution, IPO Refund amounts etc. One debit to remitters account will credit to accounts of all beneficiaries through electronic mode.

Speed Clearing (Cir 446/2009, 28/2011)

- Speed Clearing refers to collection of outstation cheques through the local clearing. It facilitates collection of cheques drawn on outstation core-banking-enabled branches of banks, if they have a net-worked branch locally.
- Speed Clearing aims to reduce the time taken for realisation of outstation cheques.
- Speed Clearing is currently available in 66 MICR centres.

- It has been decided to **extend the scope of Speed Clearing to cover all transaction codes, other than those relating to Government cheques w.e.f. February 1 2011.** Earlier it was applicable to only SB, CA & Cash Credit accounts.
- The concept of Speed Clearing combines the advantages of MICR clearing with that of CBS.
- Cheques drawn on outstation CBS branches of a Drawee bank can be processed in the Local Clearing under the Speed Clearing arrangement if the Drawee bank has a branch presence at the local centre.
- When will the beneficiary get funds under Speed Clearing?: 'T' denotes transaction day viz. date of presentation of cheque at the Clearing House. The outstation cheques under Speed Clearing will be paid on T+1 or 2 basis.
- Under Speed Clearing, instrument would be realised on T+1 or 2 basis viz. within 48 hours.
- No charges are payable for cheques of value up to Rs. 1 lakh.
- Presenting branches are currently permitted to levy charges at a rate **not exceeding Rs.150 per cheque** (inclusive of all charges other than Service Tax) for cheques of above Rs. 1 lakh presented through Speed Clearing.
- For facilitating customers to know CBS status of a branch, some of the banks stamp / print 'CBS' on the cheque leaves.

Remote Customer Terminal Facility at Branches (Cir 272/2010)

- Customers who visit the branches can have the Internet Banking facility.
- Bank has started with Bangalore Metro Circle.
- The terminals will mainly benefit customers who are computer literate but do not own a PC or internet connection.
- Customers can avail this facility at any of the CBS branches also
- Account Enquiry, fund transfer (own account transfer, third party transfer and to other bank account through NEFT), Term deposit opening, Loan account Repayment, Cheque issued status etc. can be done on their own
- Customer need to register and get Internet Banking user id and password

Automated periodical passsheet generation(Cir14/2011)

- Automatic Generation of CASA Account Statements at specific frequency in CBS – OPTION CHM34.

SMS Services under Mobile Banking (Cir 318/06,428/09)

- SMS Alerts – when Debit/Credit transaction exceeds Rs.5000/-
- Present balance alert: Monthly(Since discontinued as BI 19/2011)
- Mobile number details are entered in Menu CIM09 (under option Mailing address)
- Customer should send SMS to 56161

Customer Relationship Management (CRM) – Call Centre

(Cir no.77/08)

- CRM has 3 modules. Service Module, Marketing Module and Sales Module.
- Provide value added services to all customers.
- Call centre under service module has commenced functioning from 29-03-2008.
- It facilitates the customer to interact with the Bank at his convenience and from his place.
- The call centre and tele banking services are provided through tollfree number: 1800 425 0018. The customers can have free access through this number from BSNL, Airtel land line and mobile. The call centre will provide the following services:
- Information on various deposit products, credit cards, depository services, rate of interest, commission, bancassurance.
- Specific enquiries by customers for balance and transaction in case of CBS branches.
- Noting down service requests of CBS branch customers. Noting down complaints, suggestions from customers.

E-Payment of Direct Taxes

(Cir no.340/07)

- To provide convenience of making on-line payment of Direct Taxes through Bank's Internet Banking
- Available for customers of CBS branches only
- Nodal Centre: Jayanagar 9th Block, Bangalore is nodal centre for collection of Direct Taxes through Internet.
- Facility available to customer on 24X7 basis
- E-Payment of Tax is free of charges

Visa Money Transfer

(47/2007,421/2010)

- Visa Money Transfer Scheme introduced vide HO Circular 47/2007 dated 17.02.2007 is discontinued with immediate effect.(Cir 421/2010 dtd-21.12.2010)

E-Trading (Online Trading Facility (OLT)

(Cir no.71/2008, 195/09)

- This facility is being extended in association with our wholly owned broking subsidiary M/s Gilt Securities Trading Corporation Ltd (M/s GSTCL) through their trading portal "CANMONEY.IN".
- For availing OLT facility, a client should have an operative Bank account with one of our CBS branches, a depository (demat) account with our Bank and a Trading Account with our broking subsidiary viz., M/s GSTCL, Mumbai.
- The Bank account, demat account and trading account of the client are integrated for extending hassle free platform to the client for trading in securities. The client, all by himself, will be able to trade in securities by logging on to the trading portal of M/s GSTCL viz., "canmoney.in" from "ANYWHERE" and "AT ANY TIME", by allocating funds / securities. After the transactions are put through, online transfer of funds / securities automatically takes place seamlessly.

- Clients need not write cheques to cover their payment obligations nor tender delivery instructions for transfer of sold securities.
- The sale proceeds are credited online to the Bank account of the client.

Products offered:

<p>Online Trading In Cash Segment (Equities):</p> <ul style="list-style-type: none"> ➤ Seamless trading in both Exchanges viz. NSE, BSE. ➤ Varied products like Cash N Carry, Intraday, BITSOT. ➤ Leverage for day traders. ➤ Facility of product conversion. 	<ul style="list-style-type: none"> ➤ Real time market watch. ➤ Facility to view of pending orders and trade confirmations. ➤ Utility to view balance in linked CASA / Demat account. ➤ Facility to place orders even after market hours (AMO). ➤ View of contract notes and Back Office reports on a 24x7 basis. ➤ Stop Loss Trading
<p>Online Trading In Currency Derivatives</p> <ul style="list-style-type: none"> ➤ Facility to clients having forex exposure. ➤ No documentation / paper work to take exposures. ➤ Lower margins and brokerage compared to FNO segment. ➤ 8 hours trading per day from 9.00 am to 5 pm. 	<p>Online Subscription to IPOs:</p> <p>No need to hunt for IPO application forms.</p> <ul style="list-style-type: none"> ➤ No need to spend precious time in filling the details. ➤ No need to write cheques. ASBA facility available.(Application supported by blocked amount) ➤ No need to visit bidding centres / brokers office to submit application before the cut off time. ➤ No need to preserve the application stub. Details always available in the site. ➤ Easy to apply. Client need to key in the number of shares to be applied and rate. Rest of the contents to be submitted with mere click of mouse. ➤ Value added service without any extra charge.
<p>Online Subscription to Mutual Funds</p> <ul style="list-style-type: none"> ➤ Akin to online subscription to IPO. ➤ No paper work either for purchase or redemption of units. ➤ Facility to opt for SIP / SWP and to Switch. ➤ Details of complete holding statement at single page. ➤ Value added service without any extra charge (limited period offer). 	<p>Online Trading In Futures & Options</p> <ul style="list-style-type: none"> ➤ Facility to provide margins online. ➤ No need to provide advance deposits to trade in the segment. ➤ Benefit of calendar spread margins online. ➤ Use of common fund for cash, FNO and Currency futures.

Depository Participant Services (Demat Account)

- A Depository is an organisation which holds investors' securities in electronic form. The depository also provides services related to various transactions in such securities. A depository interfaces with its investors through Depository Participants. Depository Participants maintain investors' accounts (demat accounts) which are similar to Savings Bank/Current accounts with a Bank. Purchase and sale of securities can be done through demat account. Presently there are two depositories in India viz., NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Ltd). **Our Bank is a Depository Participant of NSDL.**
- PMLA relating to DP services-Circles to address letters to officer / Manager in-charge of DP service center, nominating him as ANTI MONEY LAUNDERING OFFICER (AMLO). Existing MONEY LAUNDERING REPORTING OFFICER (MLRO) at

Circle Office nominated under PMLA for regular banking activity shall be MLRO for depository activity also. Concept of "In-Person Verification" (IPV) which is required for opening of demat accounts is to be adopted. Risk Profiling of DP clients into Low, Medium and High Risk categories to be done as per HO Circular 89/2005

Online Tax Accounting System (OLTAS)

- Direct Tax Collection data from collecting branches is sent to nodal branches for onward transmission to Tax Information Network of NSDL through Link Cell, Nagpur through OLTAS software.
- Funds details are also transmitted through the system for crediting tax collections to Central Accounts system (CAS) of RBI, Nagpur
- Provision to capture PAN/TAN as per requirement of CBDT is also enabled
- Counter foil to be given to tax payer can also be generated from the system

Cheque Truncation:

- The process of stopping the flow of physical cheque to the drawee bank branch
- Electronic image of the cheque is sent along with the relevant information.
- Sec 6 of NI Act is amended and truncated cheque is legally recognised.
- After the capture of image, the physical cheque would be warehoused with the presenting branch/service centre.
- The cheque images can be black and white, Grey Scale or coloured. Black and White images do not reveal all the subtle features that are there in the cheques. Coloured Images increase storage and network bandwidth requirements. So it was decided that the electronic images of truncated cheques will be in **gray scale technology**.
- There will be three images of the cheques i.e. front grey, front black & white and back black & white which will be made available to member banks.
- The image specifications are: Image Type// Minimum DPI // Format // Compression
- Front GrayScale: 100 DPI // JFIF //JPEG
- Front Black & White: 200 DPI //TIFF //CCITT G4
- Reverse Black & White: 200 DPI //TIFF //CCITT G4
- The image quality of the Grey Scale image shall be **8 bits/pixel** (256 levels).
- The security, integrity, non-repudiation and authenticity of the data and image transmitted from the paying bank to payee bank will be ensured using the Public Key Infrastructure (PKI).
- The CTS is compliant to the requirement of the IT Act, 2000.
- The standards defined for the PKI are as followed: RSA asymmetric encryption with 1024 bit key length; Triple DES (3DES, TDES) symmetric encryption with 168 bit key length.
- **IRD:** Under CTS, after the capture of the image, the physical cheque would be warehoused with the presenting bank. In case the beneficiary or any other connected persons require the instrument, the payee bank could issue a copy of the image, under its authentication, which is called **Image Replacement document**. It is a legally recognized replacement of the original cheque for re-presentation. The provisions of NI act (Section 81(3) of the NI Act as amended) also permit the usage of such IRD.

- **BIOMETRIC SECURITIES:** Signature Recognition, Finger-print Recognition, Palm-print Recognition, Hand-geometry Recognition, Voiceprint recognition, Eye Retina Pattern Recognition.
- **DECRYPTION:** Brings the data into its normal form.
- **ENCRYPTION:** By use of mathematical algorithms, a message is transformed into an incomprehensible data.
- **FIREWALL:** Protects the computer network system from outside intrusion.
- **HACKING:** Knowingly or intentionally concealing, destroying or altering or causing another, to destroy or alter any computer code used for a computer programmer or computer system or computer network. Fine upto Rs.2 lakhs or undergoing imprisonment upto 3years for hacking.
- **LOCAL AREA NETWORK:** Computers are interconnected in the whole complex or a building at various places with sharing means. Generally LAN supports upto 1000 devices.
- **MICR** is an acronym for Magnetic Ink Character Recognition. The MICR Code is a numeric code that uniquely identifies a bank-branch participating in the ECS Credit scheme. This is a 9 digit code to identify the location of the bank branch; the first 3 characters represent the city, the next 3 the bank and the last 3 the branch. The MICR Code allotted to a bank branch is printed on the MICR band of cheque leaves issued by bank branches. The list of bank branches and the MICR codes allotted to them is available on the website of Reserve Bank of India
- **WIDE AREA NETWORK:** It is a set up which spreads across geographical locations rather than a small complex or building.

Airline E-Ticketing (cir 47/07)

- Facility available for our ATM/Debit card holders (VISA electron debit cards)
- Presently used for Kingfisher Airlines
- Airline tickets book through Intra Voice Response System (IVRS)
- Payment made through ATM

Donations by banks:

- The profit making banks may make donations during a financial year, aggregating up to **one percent of the published profit** of the bank for the previous year.
- The contributions/ subscriptions made by banks to Prime Minister's Relief Fund; IBA, NIBM, IIB, IBPS, FEDAI, during a year will be exempted from the above ceiling.
- Unutilised amount of the permissible limit of a year should not be carried forward to the next year for the purpose of making donations.
- **Loss making banks** can make donations up to **Rs.5 lakh only** in a financial year.

FOREX

- **Non Resident:** As per FEMA, a person who is not a resident is called a non-resident.
- **Resident Indian:** A person of Indian Origin who resides in India for **more than 182 days during the course of preceding financial year.**
- It does not include person who has gone out of India for uncertain period or who conducts a business or vocation outside India.
- **Non Resident Indian:** A Person holding Indian Passport who has gone abroad for gainful employment or business or vocation or for any other purpose indicating an indefinite period of stay outside India or working abroad on temporary foreign assignments.
- Indian students abroad are also treated as NRI.
- **Person Of Indian Origin:** A foreign passport holder whose parents/ grand parents or great grand parents had been of Indian Origin or a foreign passport holder who has married an Indian Citizen.
- **Forex Account Transactions:** FEMA 1999: Forex transactions broad classifications: (a) Current Account Transactions (b) Capital Account
- **Capital Account Transaction:** Transaction which alters the assets and liabilities, including contingent liabilities outside India of persons resident in India Or Assets and liabilities in India of persons resident outside India And includes the following: (a) Any borrowing / lending in FC in whatever form / name. (b) Transfer / Issue of foreign security by resident (c) Transfer / Issue of security by resident outside India (d) Export / Import of currency notes (e) Transfer of immovable property (other than lease not exceeding 5 years) (f) Giving of guarantee in r/o debt by a resident to resident outside India.
- **Current Account Transactions:** Current A/c Transaction means transaction other than capital account transaction and includes: (a) Payments due in connection with foreign trade, services, short term banking and credit facilities. (b) Payment of interest / net income from investments. (c) Remittances of living expenses of parents, spouse, children abroad. (d) Expenses reg: foreign travel, education, medical, etc.

Certain restrictions on Current A/c transactions:

- Schedule – I: Prohibited category. Lottery winnings, Racing / Riding etc, Remittance for purchase of lottery tickets, banned magazines, etc.
- Schedule – II: Government approval required. Cultural Tours: HRD Ministry Permission. Hiring of transponders for TV channels: Ministry of Infn and Broadcasting permission. Remittance of Prize money abroad by person other than international / national / state bodies if the amount involved exceeds USD 1.00 Lacs: HRD Ministry.
- Schedule – III: ADs can allow transaction upto the prescribed limits and RBI permission beyond that. Donation / Gift Remittance exceeding USD 5000/- per donor / remitter per f/y. Emigration Exceeding USD 1.00 lacs. Exceeding USD 25000/- per business travel

Loans to NRIs: Permitted Purposes:

- Against the security of their NRE term deposits for personal purpose or for carrying on business activities.

- For the purpose of making direct investment in India on non-repatriation basis by way of contribution to the capital of Indian firms / companies subject to compliance with the relevant FEMA provisions relating to such investments.
- Housing Loans
- There is ceiling of Rs.100 lakhs (Earlier Rs.20 lacs only) as the maximum amount of loan that can be granted.

Loans to NRIs: Not permitted Purposes:

- Business of chit fund
- Nidhi company
- Agriculture or Plantation activities
- Real Estate Business
- Construction of Farm Houses
- Investment in Capital Market including Margin Trading and Derivatives
- **Transferable Development Rights:** It means certificates issued in respect of category of land acquired for public purpose either by Central or State Government in consideration of surrender of land by the owner without monetary compensation, which are transferable in part or whole.) As per RBI guidelines, NRIs should not be given loans / advances for trading in Transferable Development Rights (TDRs).

KYC/AML for Money Changing Activities (Cir IO 15/2010, IO 45/2011)

- For purchase of foreign currency notes and / or Travellers' Cheques from customers for any amount less than **Rs.50000/- or its equivalent**, photocopies of the identification document need not be obtained. However, full details of the identification document should be maintained.
- Any amount in excess of **Rs.50000 or its equivalent**, the identification documents should be verified and a copy retained.
- Requests for payment in cash in Indian Rupees to resident customers towards purchase of foreign currency notes and/or traveller cheques may be acceded to the extent of only **USD 1000 or its equivalent per transaction.**
- Requests for payment in cash by foreign visitors / non-resident Indians may be acceded to the extent of only **USD 3000 or its equivalent per transaction.**
- All encashment within one month are to be treated as single transaction for the above purpose and also for the reporting purposes.
- In all other cases branches/offices should make payment by way of demand draft or by crediting it to his/her account only.
- Branches/Offices should maintain proper records including identification obtained in respect of all transactions
- Payment in excess of **Rs. 50,000/-** towards sale of foreign exchange should be received only by crossed cheque drawn on the account of the applicant's firm/ company sponsoring the visit of the applicant /banker's cheque / pay order / demand draft.

Purchase of Forex

- Requests for payment of sale proceeds in cash may be acceded to the extent of USD 1000 or its equivalent per transaction by residents & USD 3000 or its equivalent per transaction by foreign visitors and Non Resident Indians.

- All encashment within one month may be treated as single transaction for the purpose. In all other cases branches/offices should make payment by way of demand draft or by crediting it to his/her account only.
- In all cases of sale of foreign exchange, irrespective of the amount involved, for identification purpose the passport of the customer should be insisted upon.
- The sale of forex should be made only on personal application and identification. Payment in excess of Rs. 50,000/- towards sale of foreign exchange should be received only by account payee cheque/demand draft.
- All purchases by a person within one month may be treated as single transaction for the purpose. Encashment Certificate, wherever required, should also be insisted upon.

Foreign Exchange Facilities for Resident Indians

- Applicant should have a customer of a Bank for at least One Year.
- This facility is applicable for Resident Individuals only and not for firms.
- Applicant has to specify Bank Branch name specifically, where his account is maintained.
- It is mandatory to have PAN number to make remittances under the Scheme.
- **Liberalised Remittances Scheme:** Remittance abroad without specific purpose per financial year: **US\$ 200000/-** for any current or capital account transaction or combination of both. But under LRS remittances for margins or margin calls to overseas exchanges/overseas counter party for Forex trading is not permitted.(IO/37/2011)
- The scheme is in addition to acquisition of ESOPs linked to ADR/GDR (i.e USD 50,000/- for a block of 5 calendar years)
- The Scheme is in addition to acquisition of qualification shares (i.e USD 20,000/- or 1% of paid up capital of overseas company whichever is lower.
- Individuals are free to use this Scheme to acquire and hold immovable property, shares or any other asset outside India without prior approval of Reserve Bank.
- By submitting Form A2, resident Indians can purchase foreign exchange from Authorised Dealers, as per the following. Beyond the limits mentioned below, RBI permission is required.
- Form A-2 not required for remittances upto \$5000 for various purposes
- **US \$ 5,000:** Small Value Remittance: Without form A2, with simple letter of declaration.
- **Resident individual:** Limit of USD 200,000 per **financial** year under the Liberalised Remittance Scheme would also include remittances towards gift and donation by a resident individual. Accordingly, under the Scheme, any resident individual, if he so desires, may remit the entire limit of USD 200,000 in one financial year as gift to a person residing outside India or as donation to a charitable/educational/ religious/cultural organization outside India. Remittances exceeding the limit will require prior permission from the Reserve Bank. (From RBI Website)
- **Other than individuals:** ADs have been permitted to make remittances on account of donations by corporates for some specified purposes subject to a limit of **one per cent** of the foreign exchange earnings during the **previous three financial years** or **USD 5 million, whichever is less**. Other residents like **partnership** firms, **trusts** etc., are free to remit up to **USD 5000 per annum** per donor/remitter each as gift and donation. Remittances exceeding the limit will require prior permission from the Reserve Bank.
- The release of foreign exchange of USD 100,000 to meet the expenses involved in treatment, is **in addition to** the amount of USD 25,000 released **for maintenance**

expenses of a patient going abroad for medical treatment or check-up abroad, **or for** accompanying as attendant to a patient going abroad for medical treatment/check-up.

LRS	
Purpose for which Forex is required	USD
Business trip – per trip	25000 (except Nepal & Bhutan)
Medical treatment without proof	1.00 lacs
Medical treatment with proof	No ceiling
Studies abroad Per academic session	1.00 lacs
Tour / Private visit abroad Per f/y	10000
Immigration	1.00 lacs
Maintenance of relative abroad	1.00 lacs
Employment	1.00 lacs
Retention of forex	2000
Forex brought from abroad	No ceiling

Remittance abroad without any specific purpose under LERMS (Including gifts / donations)	200000
Time for purchase of forex	Before 180 days of journey
Mode of purchase of forex paying cash	Upto Rs.50000/-
Form of forex currency	Upto USD 3000 in FC. Upto USD 5000 for Iraq and LibyaFor Russia and Iran & CIS countries – No ceiling.

Service Tax on purchase or sale of foreign currency including money changing(Cir 99/2011)

Amount of Foreign Currency Exchanged in Rupees value	Amount of Service Tax to be recovered for each purchase or sale transaction
Upto 1,00,000	0.1% of the amount, subject to a minimum of Rs 25/-
1,00,001 to 10,00,000	Rs. 100+ 0.05% of the amount exceeding Rs. 1,00,000/-
Above 10,00,000	Rs. 550+ 0.01% of the amount exceeding Rs. 10,00,000/- subject to a maximum of Rs. 5000

- Applicable Education Cess [2% of the Service tax amount] and Secondary and Higher Education Cess [1% of the Service tax amount] should also be collected along with the Service tax amount, recovered as per the above Table.
- The above rates are **Service Tax amount** to be recovered from the customer for **each purchase or sale transaction** (including cross currency transactions of customers). Branches should collect service tax with applicable cess for forex transaction, which **involve only ready Fx reporting of purchase or sale** .
- These charges are effective w.e.f 01.04.2011 for all those transactions which involves Forex reporting.

Other important matters:

- Foreign Exchange can be purchased within **180 days** ahead of journey. If not used, to be surrendered to Authorised Dealer.
- Resident Indians while going abroad can avail maximum of **US\$3000** in currency notes and coins and balance in Foreign Currency Travellers Cheques. Those who are going to Iraq and Libya, the currency notes and coins not exceeding **US\$5,000** or its equivalent permitted.
- Indian Residents can carry Indian Currency notes upto **Rs.7,500/-** to any country except Nepal and Bhutan where there is no limit. For Nepal and Bhutan, our Currency Denomination upto Rs.100/- only can be taken. (No 500/1000 currencies.)
- **Unspent Foreign Exchange:** Foreign Exchange upto US\$2000 in any Foreign Currency or TCs can be retained by Resident Indians out of unspent Foreign Exchange brought back by him, can be utilised for subsequent visits abroad during the specified period. The balance (over US\$2000) has to be necessarily surrendered to Authorised Dealer with in **180 days**
- Resident can bring any amount of Foreign Exchange from abroad, which may be in the form of Currency or FCTC. If the amount exceeds **US\$10,000** or its equivalent in TC / Currency or currency notes exceeds **US\$5000** or its equivalent in FC, Resident has to declare to customs authorities in **CDF(Currency Declaration Form)**.
- An Individual Resident may borrow a sum of not exceeding **US\$2,50,000/-** or its equivalent from close relatives residing outside India and the minimum repayment period should be atleast one year. Loan should be free of interest and loan amount has to be received through normal banking channels including debit to NRE/FCNR(B).
- There is no restriction on Residents holding Foreign Coins.
- The limit for EXPORT OF GOODS by way of gifts Rs.5 lakhs per annum.

NRE Deposits

- SB, CA, RD and FDR, KDR
- Term Deposits Period : Minimum 1 year and maximum 3 years
- Joint accounts with residents not permitted
- TOD permissible by FEMA Rs.50,000/- Bank restricted to Rs.5000/-.
- LA holder can not open a/c, close a/c, repatriate funds and transfer funds to third party account. Transfer to a/c of a/c holder in abroad permitted.
- Interest is LIBOR/SWAP Rate + 175 basis points wef Dec 2008
- **Maximum loan** against NRE/FCNR deposits enhanced to **Rs.1 crore** (cir 160/09)
- Account Payee cheques issued by a bank against the encashment of foreign currency notes be credited to NRE account provided banks encashment certificate is produced.

CENTRALISED OPENING OF NRE SB ACCOUNTS(IO/19/2011)

Three NRI hubs(Trivandrum, Mumbai & Patna) opened for centralized opening of SB NRE accounts for duly completed account opening forms received directly from NRIs residing abroad or Exchange Houses managed by our bank/rep. office, Sharjah.

NRO Accounts

- Permitted with residents jointly. Atleast one joint account holder should be NRI
- Permissible credits: Inward remittances, legitimate dues in India ie rent, dividend, pension, interest etc, sale proceeds of assets.
- Permissible Debits: all local payments, remittance upto USD 1 million per calendar year, out of balances in NRO account for all bonafide purposes to the satisfaction of bank.
- Repatriation from NRO account: Current Income and Interest, Education of children - \$100000 per year, Medical expenses abroad UD\$ 100000 p.a.
- TDS applicable for interest earned: Income Tax @ upto 30% + education cess. If interest exceeds Rs.10,00,000/- : 10% surcharge (Cir 305/09)
- No ceiling for TOD but as per delegated powers (our bank Rs.5000/-)
- Foreign Tourists visiting India can open NRO for maximum 6 months period
- Period of deposit like domestic deposits.
- * **Senior Citizens** are **not** eligible for special rates under NRO deposits. (Cir.141/2010)
- * **RBI Guidelines on Types of Accounts:** NRO accounts may be opened / maintained in the form of current, savings, recurring or fixed deposit accounts.
- * **Our Bank Guidelines on Types of Accounts:** In the form of current, savings or FD/KDR/RD accounts. Branches should inform the account holder that Income Tax at applicable rate will be deducted.(IO/11/2011)
- * **Cir.160/2008: TDS at lesser rate if** our NRI customers **is** residing abroad on countries covered by Double Taxation Avoidance Agreement (DTAA).
- * **Cir 92/2011):** For non-deduction of tax(TDS) from interest paid on NRO rupee deposits, the Non-Resident Indian(NRI) customer has to obtain specific TDS exemption certificate from Income Tax authorities and submit the same to the branch. 15G/15H cannot be accepted from an NRI.

FCNR (B)

- Can be opened in 5 currencies – USD, GBP, EURO, AUD, CAD
- FD and KD only. Period: 5 years for USD, GBP, EURO & 3 yrs for CAD , AUD
- Minimum period: 1year 1 day for KD and 1 year for FD.
- Minimum amount USD 500
- **Notional rates with effect from 19.9.2008:** Cir.ID 69/2008: USD 45/- GBP 80/- EURO 64/- CAD42/- AUD 36/- JAP YEN 100 = 42/-
- If opened with FC of above USD 10,000, Requires MIPD permission
- If closed before 1 year , No interest (and Service charges @1.25% for those opened with FC only)
- If closed after 1 year, 1% penal cut on applicable interest.
- Interest should not be more than LIBOR/SWAP Rate + 100 bps from Dec 2008 as per RBI guidelines.
- At the request of depositor, banks to be allowed to permit remittance of the maturity proceeds of FCNR (B) deposits **to third parties outside India**, provided bank is satisfied about the Bonafides of the transaction.
- **ID Cir 5/08:** Penalty for before maturity closure of FCNR (B) deposit **for reinvestment** in FCNR (B) deposit in other permitted currency is reduced from 1% to 0.50% less than the rate applicable for the period run, as ruling on the date of FCNR (B) deposit. If the deposit is closed before completion of stipulated minimum period of one year, no interest is payable on such deposit.

- The balance outstanding in FCNR accounts **should not be** transferred as **unclaimed** deposit. (Cir.310/2007)
- **Cir.ID/15/2009: Now, No Permission** to discount “**At Par**”, foreign currency cheques, payable abroad, meant for term deposits(NR+Domestic), for a period of 6 months and above – **Discontinued.**
- Branches should reckon **360 days as number of days** per year while calculating interest on FCNR (B) deposits.
- **Cir.385/2009:** Minimum margin of 25% on the security while granting loans to the depositors against the security of their NRE/ FCNR (B) deposits. However, DM (O) of RO/ CO or CM/ AGM/ DGM of VLB/ ELB/ PCB (including CM)/ AGM/ DGM of specialized branches can permit loans/ advances with 10% margin on above deposits.
- **Loans against NRE/ FCNR (B) Deposits – Modification In Delegation Of Sanctioning Powers: Modifications vide Cir.301/2009:** Small branch - Rs.20 lacs. All others Rs.100 lacs. For loans to depositor only.
- In case FCNR deposits are opened out of the proceeds of cheques sent under Secured Collection Service, **our branches should absorb the charges.** However, branches should note to recover such charges, if the FCNR deposit is closed before the completion of 12 months. Fact of waiver of charges should be noted boldly on the face of such FCNR deposit receipts. (IO Cir.57/2010)
- NRIs are allowed to invest in the Indian Depository Receipts - IDRs out of funds held in their NRE / FCNR (B) account, maintained with an Authorised Dealer / Authorised bank. (Cir.IO/49/2009)

RFC

- NRIs & PIOs (other than Pakistan & Bangladesh) returned to India for permanent settlement
- SB, FDR, KDR in 3 currencies (USD, GBP, EURO)
- Min. Bal. 100 units. For SB. No Interest if balance below 1000 USD
- FDR, KDR min. 1000 units
- Period for FDR Min.1 month max.3 years. 1 week to 1 month period also, but USD 2,50,000/- or its equivalent
- RFC KDR 1 year to 3 years

RFC Domestic: Only CA . No interest. USD, GBP, EURO. Min.bal.1000 units.

Interest On NRE Deposits

- NRE Term Deposits – Should not exceed LIBOR/EURIBOR/SWAP rates + 1.75% for US\$ of corresponding maturity wef 15-11-2008
- NRE SB A/c – as applicable to domestic SB ie 4% (Wef 03.05.2011)
- FCNR B Deposits Fixed on monthly basis – basing on the rates prevailing on last day of previous month. This is now w.e.f.15-11-08: LIBOR/SWAP + 1%
- No interest for closure before one year.Penalty for SWAP chargeable.
- For NRE term deposits, if exceeds 3 years, interest applicable for 3 years
- slab rate is applicable.

EEFC Account:

- Any person resident in India is eligible to open
- 100% of foreign exchange earnings can be credited to the account
- Only Current Account
- No Interest is payable on these accounts.
- **IO 53/2009:** FOREIGN CURRENCY ACCOUNT OF DIPLOMATIC MISSIONS – CREDIT OF VISA FEES - branches are permitted to allow the diplomatic missions to credit the visa fees collected in india in indian rupees, by way of transfer from the rupee account, to the account maintained in foreign currency by the diplomatic missions.

Diamond Dollar Accounts: (DDA)

- Firms and companies dealing in purchase and sale of rough or cut and polished diamonds etc., with a track record of atleast 2 years in import/export of diamonds, gold jewellery etc., and having an average annual turnover of Rs.3 crores or above during the preceding 3 licencing years (April to March) can transact their business through DDA.
- **Currency of the account:** Only US Dollar
- **Type of account:** Only current account (No interest is payable)
- **Number of accounts:** Maximum 5.
- **Intra-Account Transfer:** No intra-account transfer should be allowed between the DDAs maintained by the account holder.

Terminologies:

- **AD Classification:** (a) AD – I: All current account and capital account transactions (b) AD – II: Non trade related currency account transactions + FFMC Activities (c) AD-III: Transactions incidental to forex activities undertaking. (d) FFMCs: Postal dept, Urban Coop Banks etc. (Buying and selling FC) (e) RMCs: Only buying. No selling in FC. (Now no such category)
- **AD:** An authorized dealer is normally a bank specifically authorized by the Reserve Bank under Section 10(1) of FEMA,1999, to deal in foreign exchange or foreign securities
- **Arbitrage** - Purchase and selling in different centres to take advantages of rate differentials.
- **Asian Clearing Union** – 9 Countries – Sri Lanka, Pakaistan, Bangladesh, Nepal, Bhutan, Iran, Mynamar, India. (9th Country – Maldives added on 1.1.10). HQ – Tehran.
- **Authorised person to deal with sale and purchase of foreign exchange:** Authorised Dealers, Money Changers and Offshore Banking Units.
- **Avalisation** means Co-Acceptance of Bills.
- **Bill of entry** has to be submitted to AD by the importer within a period of 3 months from the date of remittance.
- **Bill Rediscounting Scheme (BRD):** Overdue BRD should be delinked on the ostensible due date ie 15th day from end of NTP/Due date as the case may be, @TT Selling Rate as on the date of delinking.
- **Bill Rediscounting Scheme** is available in USD, GBP, EURO for bills upto 180 days
- **Buyer's Credit:** The buyer in India will have to avail either a rupee loan from any bank in India or Foreign Currency Loan from a Bank or Financial Institution in India or abroad to settle the bill of the Seller on sight terms.
- **Cash / Ready:** Transaction and delivery on the same day.T+0

- **Categories of Branches dealing with foreign exchange:** (a) Category A: Maintains and operates NOSTRO a/c (eg.ID, FD) (b) Category B: Operates NOSTRO a/c (eg.FEXcell, Overseas Br & Designated branches) (c) Category C: Not permitted to deal independently FC
- **CIF** (Cost, Insurance, Freight) Upto named destination paid by exporter
- **Crystallization** – In case of import bills, the liability to be crystallised with 10 days of date of receipt. Export Bills in 15 days from due date.
- **Deemed Exports means:** Supplies made to IBRD, IDA, ADB or EPZ, SEZ or 100% EOUs. Where goods do not leave country.
- **Delinking** of export bill has to be done on 15th day after normal transit period in case of sight bill, **15th day** after notional due date /actual due date in case of usance bill or even before that date if special request is there from exporter in writing. On the date of delinking of export bill, the rate applied is TT selling rate. **Import sight bills under LC** are to be delinked on 10th day after receipt of document at FD/Import Designated Branch
- **ECNOS** rate of interest (Export Credit Not Otherwise Specified) is Base Rate + 6%
- **FIRC (Foreign Inward Remittance Certificate): Cir.ID 27/2009:** The **validity of FIRCs** issued must be restricted to **one year** from the date of its issuance. Branches should issue FIRCs on security paper (where the rupee equivalent is **more than Rs.15000/-**) only at the request of the beneficiary and in respect of the following cases: Advance payment for exports // Receipt of export proceeds by our bank, where GR form is handled/ being handled by another bank. // Inward remittances covering FDI/ FII. In all other cases, branches/ offices should issue FIRC in letterhead, at the specific request of the beneficiary.
- FIRC should not be issued against remittance for credit to NRE account(STP method). If the proceeds of inward remittances received are remitted in foreign currency itself to the beneficiary's banker, then the FIRC is to be issued by the bank which has received the proceeds in foreign exchange, i.e. the bank which converts the foreign currency in to rupees is required to issue FIRC (IO/92/2010)
- **Form A1** required for Import exceeding USD 500/-
- **Form A2** other than Import exceeding USD 5000/-
- **Form A4** : Debits & Credits to NR accounts exceeding USD 10,000
- **Free On Board (FOB)** : To deliver goods on board named by buyer
- **GR FORM:** Export Declaration by exporter to custom authorities (in duplicate) (for physical exports and floppies/CDs etc)
- **GR** not required for trade samples, publicity materials, software upto USD 25,000 or Rs.5lakh Indian rupees.
- **GR, SDF** forms are to be surrendered to Bank by exporters within 21 days
- **Green Clause LC:** Authorises the nominated bank to give advance payment for Warehousing and Insurance Charges
- **High Sea Sales:** Where the goods under import are sold on the way to Indian shores before they actually land at the port. It takes place by way of endorsement on documents. Payment will be made by original importer and goods will be delivered to endorser.
- Importer-Exporter Code is allotted by DGFT
- In respect of advance payment received for exports, actual shipment should take place within 1 year.
- **Lloyds Certificate:** A certificate of sea-worthiness and age of the vessel issued by Lloyds.
- **LORO Account:** Their Nostro Account with You or third party account
- **NOSTRO Account:** Our Account in Foreign Currency with Foreign Correspondent Abroad

- **Off Shore Banking Units:** Banks operating in India and authorized to deal in foreign exchange are eligible to set up OBU. Parent bank to provide a minimum of US \$ 10 million to its OBU as capital. OBU is exempted from CRR and SLR. Deposits of OBU will not be covered under deposit insurance. No transaction in rupees. Our Bank OBU is at Noida - CLOSED in Dec 2009. As on date, we do not have any OBUs in our Bank.
- **Prime Bank:** Top 500 world Banks as per their Assets as classified by Bankers Almanac. All our correspondent banks excluding those situated in listed countries. Branches and subsidiaries abroad of SBI and other Nationalised Banks in India.
- **Receipt of Foreign Exchange** through authorized person : No Limit
- **Red Clause LC:** LC which authorizes the nominated bank to sanction Pre Shipment credit to beneficiary
- **Scrutiny Of Export Documents:** Upto US\$ 1 lakh or equivalent, by one officer and above US\$ 1 lakh or equivalent in other currencies by 2 officers, one of whom should be the Scale II or III heading the section or branch.
- **SDF:** Statutory Declaration Form by Exporter where Electronic Data Interchange system is introduced in Customs Office- in place of GR form
- **SGS certificate:** A pre shipment merchandise inspection certificate issued by Society Generale De Surveillance
- **SOFTEX:** Export Declaration form for Software Export (in Triplicate)
- **Spot:** Transaction – Today. Delivery – Second Working day. (T+2)
- **Supplier's Credit:** Credit extended by the overseas supplier to the buyer in India for selling his goods is known as "Supplier's Credit".
- **Tom:** Transaction – Today / Delivery of forex : Next working day.
- **Value Date in forex:** When quoting the rates, the banks take into account the time factor i.e. how much time is going to be taken to get the purchased currency credited to Nostro account abroad. This date is known as Value date. Date of Credit of Nostro account /or/ Date of Debit of Vostro account / or / Date of settlement is the value date.
- **VOSTRO Account:** Foreign Correspondant's account with us in Rupees.
- **WTPCG** cover is available automatically for accounts classified under Standard Asset irrespective of loan amount. WTPCG name is changed as Export Credit Insurance for Banks (ECIB – WT-PC). Premium payable in case of WTPCG is 6.5 paise per Rs.100/- on the average daily product.
- **XOS FORM:** Banks should furnish a statement in Form XOS to RBI (at the end of June and December) giving details of all export bills outstanding beyond 6 months from the date of export, in triplicate, within 15 days from the close of the relevant half-year.
- **TOBIN Tax:** It is a tax for spot conversion of one currency into another. The tax is intended to put a penalty on short-term speculative gain to another currency. Tobin tax was suggested by Nobel Laureate economist James Tobin in 1972 and hence the name. The tax on foreign exchange transactions was devised to cushion exchange rate fluctuations and to find a way to manage exchange-rate volatility.. Imposition of a small tax dissuades the speculators and hence helps stabilization of monetary system. In India, Tobin Tax is not introduced.
- **IMPOSSIBLE TRINITY:** The "Impossible Trinity" is referred to the balancing act of (1) inflation (price stability), (2) floating exchange rates (currency appreciation) and (3) capital inflows (capital mobility). Economic theory says, a country can only attain two of the three objectives and it is impossible to balance or control all the three parameters simultaneously, hence it is called as impossible trinity.
- **Golden Share:** It is a type of share that gives its shareholder veto power over changes to the company's charter.

Time Norms for Realisation Of Export Proceeds (Cir IO 51/2010)

Exports made	Time limit for realisation of export proceeds
By units located in SEZ	Time limit stipulation not applicable
To warehouses established outside India without RBI permission	12 months from the date of export
To Warehouses established outside India with RBI permission	15 months from the date of export
By 100% EOUs	12 months from the date of export
By Status Holder Exporter	12 months from the date of export
By Others*	12 months from the date of export

in case of rupee post shipment advances granted against export bills sent on collection, interest should be collected up to the date of conversion of realization proceeds of foreign currency export bills in to rupees and adjusted towards outstanding credit.(IO/24/2011)

Exchange Rate Application:

- TT SELLING: Outward remittance such as DD, TC etc. Cancellation of purchase such as: Bills purchased returned unpaid, bills transferred to collection account, forward purchase contract cancelled.
- BILL SELLING: Transfer of proceeds of import bills even if these are by way of DD or TT
- TC/CURRENCY NOTE SELLING: At the discretion of the Bank
- TT BUYING: Cancellation of outward TT, MT etc., Clean inward remittances (TT, DD,MT) where cover already received abroad, Conversion of proceeds of instruments that are sent for collection, Cancellation of forward sale contract.
- BILLS BUYING: Purchase of bills and other instruments
- TCs/CURRENCY NOT BUYING: At the discretion of the Bank.

Rupee Drawing Arrangement(IO75/2010)

The system of sending drawing advices received from Exchange Houses, containing the details of draft issued by them for amount beyond specified cut off limit, by Nodal Centers to drawee branches/offices has been dispensed with. Designated branches/offices should make the payment of cheques drawn under RDA only by on-line debit to Vostro accounts, by following the prescribed procedure.

Merchant Trading(IO/25/2011)

In respect of merchanting trade transactions, it is to be ensured that the goods involved in the transaction are those which are permitted to be imported in to india as well as those which are permitted to be exported from india.

INCOTERMS:(IO/01/2011)

- INCOTERM means International commerce Terms. Given by International Chambers of Commerce
- International Chamber of Commerce (ICC) Paris has updated/revised the existing Incoterms rules, which will be known as Incoterms-2010 rules. The number of Incoterms rules has been reduced from 13 to 11. **The Incoterms 2010 rules will be effective from 1st January 2011.**
- Following are some of the highlights of the Incoterms 2010 rules .
- 1. The chosen Incoterms rule needs to be appropriate to the goods, to the means of their transport, and above all to whether the parties intend to put additional obligations, such as the obligation to organize carriage or insurance, on the seller or on the buyer.
- 2. The chosen Incoterms rule can work only if the parties specify a place or port as precisely as possible.
- 3. There are 11 Incoterms 2010 rules which can be presented in two distinct classes.
- (i) Rules for any mode or Modes of Transport
 - i) EXW – EX- WORKS
 - ii) FCA – FREE CARRIER
 - iii) CPT – CARRIAGE PAID TO
 - iv) CIP – CARRIAGE AND INSURANCE PAID TO
 - v) DAT – DELIVERED AT TERMINAL
 - vi) DAP – DELIVERED AT PLACE
 - vii) DDP – DELIVERED DUTY PAID
- The above class of rules includes the seven Incoterms 2010 rules that can be used for all modes of transport except transport by sea and irrespective of whether one or more than one mode of transport is employed. However, these rules can be used in cases where a ship is used for part of the carriage.
- (ii) Rules for sea and Inland Waterway Transport
 - i) FAS – FREE ALONGSIDE SHIP
 - ii) FOB – FREE ON BOARD
 - iii) CFR – COST AND FREIGHT
 - iv) CIF – COST INSURANCE AND FREIGHT
- **Ex-Works:** Goods available at factory. All costs, ie insurance, freight etc by Buyer.
- **Free on Board:** Cost upto loading the goods on the ship (seller) and all costs relating to insurance and freight once these are on board of the ship- will be met by buyer.
- **Cost & Freight (C&F) :** After shipment, cost of freight also met by seller. Insurance is met by buyer.
- **Cost, Insurance and Freight:** Subsequent to shipment, insurance and freight cost also met by seller. Buyer take care once goods reach destination
- **Delivered at Frontier (DAF) :** All costs till the goods reach the customs boarder, normally by rail or road- by Seller. Buyer's liability starts after the goods reach the frontier.
- In CIF & CIP contract, the seller must obtain, at its own expenses, cargo insurance complying at least with the minimum cover provided by clauses (C) of the institute cargo clauses or any similar clauses and entitle the buyer, or any other person having an

insurable interest in the goods, to claim directly from the insurer. The insurance shall cover, at a minimum, the price provided in the contract plus 10% (i.e. 110%) and shall be in the currency of the contract.

Whole Turnover Packing Credit (ECIB –WTPC)

- Minimum No.of Accounts: 25, Minimum assured premium: Rs.5 lakhs
- Period of Cover: 12 months
- Automatic coverage for all pre shipment credit upto Rs.100 lacs per party and S1,S2 parties without ceiling.
- Bank as a whole, WTPC is taken for Rs.400 crores.
- For small exporters, coverage upto 95%, For goods exporters it is 90%
- Premium: 6.5 paise per Rs.100/- on the average daily product
- Default to be reported with in 4 months from due date
- Filing of claim: with in 6 months of Report of Default.
- Premium is payable on average outstanding for the month. Declaration to be submitted by the end of succeeding month.
- **Export Credit Insurance For Banks - Whole Turnover Packing Credit – ECIB (Cir 383/09) :** Only Management Committee (MC) of the Board is empowered to permit absorption of premium under ECIB (WT-PC) of ECGC on a case to case basis, depending upon the value of the account based on cost-benefit analysis

Advance ECGC premium for Post shipment Credit (cir 83/2009)

- Vide circular 356/2008 branches were advised to remit One month advance premium to be remitted to the local ECGC offices for the Packing Credit Advances granted by branches (for both Rupee PC and PCFC)
- Now branches should remit one month advance premium to the local ECGC Offices for the Post Shipment advances granted under ECIB (IN-PS) also

ECGC will settle claims (both pre shipment & post shipment) of advances upto Rs.25 lakhs, within 7 days.

ECGC Cover:

The percentage of loss payable by the ECGC on PC limit per exporter will be as under:

1. 75 % for advances upto Rs. 3490.56 lakhs.
2. 65 % for advances beyond Rs.3490.56 lakhs

INTEREST RATE ON EXPORT CREDIT IN FOREIGN CURRENCY (cir IO 19/2010) w.e.f. 19-02-2010 : LIBOR + 200 BASIS POINTS.

- Foreign Currency ECNOS is LIBOR for 12 months plus 6.5 %.
- ECNOS charged on Rupee Export Credit is BASE RATE + 6%
- This is applicable on Rupee liability on delinking of BRD bills.

Foreign Currency Loan to Residents (FCLR)

- To existing Corporate Clients/firms and New Blue Chip Companies ranked with Fortune 500/EOUs/PSUs/NBFCs, Classified as Standard S1, S2.
- For productive purpose and not for personal purpose.
- Currency: USD, GBP and EURO. Minimum amount USD 2,50,000 or equivalent in case of working capital and USD 50,000 in case of short term financing.
- Period: Working Capital: 6 months, Short Term : 3 years

Uniform Customs and Practice for Documentary Credits

(ID Cir 44/2007)

- Also called as UCPDC-600 or UCP 600 & is Operative from July 1, 2007
- There are 39 articles in UCP 600
- In UCP 600, the word “revocable” does not exist. All credits are irrevocable even if there is no indication to that effect.
- The nominated bank acting on its nomination, the confirming bank, if any, and the issuing bank shall each have a maximum of **5 banking days** following the day of presentation to determine if a presentation is complying. (Article 14b)
- Presentation of documents must be made by or on behalf of the beneficiary not later than 21 calendar days after the date of shipment if mentioned otherwise in LC but in any event not later than the expiry date of the credit. (Article 14 (c))
- **Force Majeure:** A Bank assumes no liability or responsibility for the consequences arising out of the interruption of its business by Acts of God, riots, civil commotions, insurrections, wars, acts of terrorism or by any strikes or lockouts or any other causes beyond its control. A Bank will not, upon resumption of its business, honour or negotiate under a credit that expired during such interruption of its business.
- The terms “first half” and “second half” of a month shall be construed respectively as the 1st to the 15th and the 16th to the last day of the month, all dates inclusive.
- The terms “beginning”, “middle” and “end” of a month shall be construed respectively as the 1st to the 10th, the 11th to the 20th and the 21st to the last day of the month, all dates inclusive.
- UCP 600 - Article 30: The words “about” or “approximately” used in connection with the amount of the credit or the quantity or the unit price stated in the credit are to be construed as allowing a tolerance not to exceed 10% more or 10% less than the amount, the quantity or the unit price to which they refer.
- **UCP 600 - Article 30:** A tolerance not to exceed 5% more or 5% less than the quantity of the goods is allowed, provided the credit does not state the quantity in terms of a stipulated number of packing units or individual items and the total amount of the drawings does not exceed the amount of the credit.
- The expression “**on or about**” or similar will be interpreted as a stipulation that an event is to occur during a period of five calendar days before until **five calendar days** after the specified date, both start and end dates included.
- Article 6 of UCP 600 states that a credit must not be issued available by draft drawn on the applicant. Accordingly, the credit is to be stated to be made available by the beneficiary’s drafts drawn on the “Bank” instead of “on Applicant”. Same has been modified in our NF716.(Cir 350/2010)

Uniform Rules for Bank to Bank Reimbursement - URR - 725

- Earlier: URR 525.

- Now, URR has been updated to bring the same in conformity with UCP 600.
- The updated text – URR 725 has been approved by ICC, and the same has come into effect from 1st Oct. 2008.
- URR 725 contains number of technical changes from the existing version of URR 525.
- Some of the technical changes introduced are in respect of Article 1, 6, 9 & 11 of URR 525.
- **Processing Reimbursement Claims:** A reimbursing bank shall have a maximum of **three banking days** following the day of receipt of the reimbursement claim to process the claim.
- A reimbursement claim received outside banking hours will be deemed to be received on the next following banking day.
- When a reimbursing bank has not issued a reimbursement undertaking and a reimbursement is due on a future date: the reimbursement claim should not be presented to the reimbursing bank **more than ten banking days** prior to such predetermined date. If a reimbursement claim is presented **more than ten banking days** prior to the predetermined date, the reimbursing bank may disregard the reimbursement claim.

Auto-convert Product

Of JPMORGAN Chase Bank NA, New York, USA (IO/55/2010)

- Some of our customers request our bank to make outward remittances in currencies like New Zealand dollars, South African Rand, Kuwaiti Dinar etc.
- Auto Convert Service: M/s JPMorgan Chase Bank N.A. will convert proceeds of our SWIFT Payment orders (MT 103) routed through our USD account maintained with them, into the beneficiary's local currency & provide credit to the beneficiary.
- Applicable for all Payment orders originated in MT 103 format for amounts ranging between USD 500 - USD 50,000 on the Nostro account with M/s JPMorgan Chase Bank NA.

Cash Letter Service:

- USD denominated **clean instruments** for amounts **up to USD 3000**
- **Approximate time period for collecting:** (a) If the instrument/cheque is drawn on bank **located in New York: Six business days** from the value date for the instrument/cheques payable at New York. (b) If the instrument/ cheque is drawn on bank **located outside New York: 10 business days** from the value date for instrument/cheques payable outside New York.
- **Our bank's charges:** For each clean instrument sent abroad for collection: 0.1875% subject to minimum of Rs.20/- and maximum of Rs.500/- per individual

“Secured Collections Service” - Revised Guidelines

IO/57/2010 // Other Ref: ID/06/2009

- Henceforth, cheques denominated in US Dollar for **\$ 3000 and above** except traveler's cheques should be mandatorily collected under “Secure Collections Service”, of JP Morgan Chase Bank NA irrespective of whether the same is discounted or otherwise.
- Traveler's cheques, cheques drawn on US Government, such as Treasury cheque and postal money order, whether discounted or otherwise have to be sent under “**Cash Letter Service**”, irrespective of the amount.

- This revised service charges of JP Morgan Chase: **Revised: USD 8 per instrument** for all cheques denominated in USD and drawn in USA. {**Old:** For cheques payable in New York USD 9 per instrument // For cheques payable in USA other than New York - USD 10 per instrument }
- Further, **Bank** has taken a decision to **absorb charges** on **Cheques sent under Secured Collection Service**, only if the proceeds are invested in **FCNR Deposit** with our Bank for a **minimum period of 12 months**. The fact of waiver of charges should be noted boldly on the face of the deposit receipt and the applicable charges have to be recovered if the deposit is closed within 12 months.
- **Eligible Cheques** for collection under Secured Collection Service: Cheque should be in favour of our customer and his name should appear after "**pay to the order of**". It should not be endorsed in favour of our customer as 'Secured Collection Service' do not provide protection for frauds committed on the back of the cheque. It should not be payable to non specific payee such as "**Cash**" or "**Bearer**" etc.
- The amount of cheque should not be less than **USD 3000 and more than USD 3,00,000**.
- **Period for Realization of Cheque/Giving Notice of Dishonor:** The time within which the proceeds of cheques are credited to our Nostro account or notice of dishonor/nonpayment is given, depends upon the location of the drawee bank as under:
- If the cheque is drawn on bank **located in New York** ➤ **Six business days** after receipt of cheque at JP Morgan Chase bank's processing centre at New York
- If the cheque is drawn on bank **located outside New York** ➤ **Fifteen business days** after receipt of cheque at JP Morgan Chase bank's processing centre at New York
- A cheque for **USD 250 and above but less than USD 3000 may also be collected** through Secured Collection Service (SCS), only at the specific request of the beneficiary of the cheque in writing subject to deduction of charges. Otherwise all the cheques denominated in USD and payable in USA having value **less than USD 3000** would continue to be collected under '**Cash Letter Service**'.
- If the branch receives any cheque/DD exceeding USD 3,00,000 for collection, matter is to be referred to Correspondence Bank Section, T & IO Wing, HO: Bangalore to seek their advice.
- **The above procedure will come into effect from 01/08/2010.**

"USD Clearing – Asia Direct"

JPMorgan Chase Bank NA, USA one of our Correspondents in USA has come out with a new product called "**USD Clearing – Asia Direct**" for targeting remittances to Asian countries in general and China in particular. In view of the various benefits offered by the above product, it is decided to subscribe to the same.

Brief features of the product:

1. There is no change in existing SWIFT format for sending USD payment.
2. Our bank branches located in Southern region, designated to operate the USD account maintained with JPMorgan Chase Bank will continue to operate the account as hitherto.
3. For outward remittances to Asia, JPMorgan Chase Bank will determine the quickest route to make the payment to the Asian beneficiary bank through their local branches in Asia.
4. The funds thus remitted will be credited to the beneficiary's bank, the same day or positively by the next day.

5. All commercial payments marked "BEN" or "SHA" in field 71A of SWIFT MT 103 are processed under this product and attracts no extra cost/charge.
6. This process is faster and far more efficient than the traditional USD clearing.
7. The faster mode of credit enables our customers to negotiate better terms with their suppliers in Asia in general and China in particular.

LOCK BOX SERVICE

(10/81/2010)

Lock Box Service is a new way of sending US Dollar to India at a marginal cost. It costs less than the Swift transfer and is faster than the present system of cheque collection. Remitters/NRIs need to deposit their personal cheques in a local (USA) Post Box of Bank of America and get the proceeds credited to their account or any other beneficiary's account, in India with our Bank either in Indian Rupees or USD.

Under this arrangement, remitters/NRIs need not send the physical instruments all the way to India for collection. Instead, they can get the same realized in USA itself by sending the same to the designated office of Bank of America, in USA.

Foreign Department, Bangalore(Designated Office) would sight the credit in the account, match the cash letter reference against the copy of the deposit slip and credit the customer's account after following the waiting period norm. Our Bank will credit the beneficiary's account after cooling period of 10 business days from the date of credit to our account by Bank of America. The all-inclusive charges per instrument would be USD 8 dollars, irrespective of the amount of the cheque. If the instrument is returned, Bank of America will be debiting our Nostro account for USD 10. If the amount is invested in FCNR deposit with our bank, the charges are waived, provided the deposit runs for the full tenor. The fact of waiver of charges should be boldly noted on the face of the deposit receipt and the same has to be recovered if the same is closed before maturity.

The product works on the lines of Cash Letter Service and hence, the credit accorded to our Nostro account is not a final credit and is liable to be reversed. Such instruments are treated as realized only upon completion of prescribed waiting period, as the paying bank has time limit for returning the instrument for reasons like insufficiency of funds in the drawer's account. As per US Laws, cheque can be returned within 12 months for any forgery on the front of the instrument.

FITT received at FD – Direct credit to the beneficiary's account

Foreign departments will now directly credit the FITT proceed to the beneficiary's account at C- category branches through core banking solutions (CBS), at their end.

Instant Credit to FC instruments

- **Instant Credit:** Subject to the satisfactory track record of the customer etc, the credit may be given to the customer's account, without completion of the cooling period, on citing the pass sheet credit for **clean instruments denominated in USD upto USD 5000.** (Cir.135/2010)
- **Instant Credit:** Subject to the satisfactory track record of the customer etc, immediate credit may be given to the customer's account, without completion of the cooling period,

on citing the pass sheet credit for clean instruments **denominated in GBP and EURO** up to the equivalent of **USD 10000**. (Cir.227/2010)

AMEX - FCTC - Sales Limit Policy: Cir.IO/62/2009

- * American Express Global Prepaid (AMEX) New York, to comply with the regulatory requirements, has introduced a **Sales Limit Policy**.
- * As per the Sales Limit Policy of AMEX, value of FCTCs to be sold to individual travelling customers is restricted to USD 25,000/- (or equivalent in other currencies) per day, per person.
- * AMEX brand FCTCs is available in USD, EURO, GBP, CAD and AUD currencies.

Advance Remittance for Imports

- **Advance Remittance for Import of Goods:** AD Category - I bank may allow advance remittance for import of goods without any ceiling subject to certain conditions upto USD One lacs. If the amount of advance remittance exceeds **USD 200,000 or its equivalent**, an unconditional, irrevocable standby Letter of Credit or a guarantee from an international bank of repute situated outside India is to be obtained.(IO/40/2011)
- **Advance Remittance for Import of Rough Diamonds:** AD Category - I bank are permitted to allow advance remittance without any limit and without bank guarantee or standby Letter of Credit, by an importer, for import of rough diamonds into India from the specified mining companies. (Eg: De Beers UK Ltd, BHP Billiton, Belgium, Namibia Diamond Trading Company)
- **Advance Remittance for Import of Aircrafts / Helicopters and other Aviation related Purchases:** Accordingly, AD Category - I banks may allow advance remittance, without obtaining a bank guarantee or an unconditional, irrevocable standby Letter of Credit, up to **USD 50 million**, for direct import of each aircraft, helicopter and other aviation related purchases.
- **Advance Remittance for the Import of Services:** AD Category - I bank may allow advance remittance for import of services without any ceiling upto USD 500,000 or its equivalent.
- In the case of a **Public Sector Company** or a Department / **Undertaking of the Government** of India / State Governments, approval from the Ministry of Finance, Government of India for advance remittance for import of services without bank guarantee for an amount exceeding USD 100,000 (USD One hundred thousand) or its equivalent would be required.

Evidence of Import:

- * **Physical Imports:** In case of all imports, where value of foreign exchange remitted / paid for import into India exceeds **USD 100,000** or its equivalent, it is obligatory on the part of the AD Category - I bank through whom the relative remittance was made, to ensure that the importer submits the Exchange Control copy of the Bill of Entry for home consumption, or Customs Assessment Certificate or Postal Appraisal Form.
- * **Evidence of Import in lieu of Bill of Entry:** A certificate from the Chief Executive Officer (CEO) or auditor of the company that the goods for which remittance was made

have actually been imported into India provided : (a) the amount of foreign exchange remitted is less than USD 1,000,000 or its equivalent,(b) the importer is a company listed on a stock exchange in India and whose net worth is **not less than Rs.100 crore** as on the date of its last audited balance sheet.

Follow up for Import Evidence:

- * AD bank may, if satisfied with the genuineness of request, allow reasonable time, not exceeding **three months** from the date of remittance, to the importer to submit the evidence of import. If not received within 3 months from the date of remittance, AD Category - I bank should rigorously follow-up for the **next 3 months**, including issuing registered letters to the importer.
- * AD Category - I bank should forward a statement on **half-yearly basis** as at the end of June & December of every year, in form **BEF** furnishing details of import transactions, exceeding USD 100,000 in respect of which importers have defaulted in submission of appropriate document evidencing import within 6 months from the date of remittance to the Regional Office of **RBI (within 15 days)**

Research & Development Cess:

- * If the remitter does not submit documentary evidence, evidencing the payment of Cess for import of any Technology or Design (Cess is to be paid before effecting the remittance as per Research & Development Cess Act 1986), the branches/Foreign Departments should immediately but not later than 30 days from the date of remittance, report the matter to The Secretary, Technology Development Board, Wing-A, Ground Floor, Vishwakarma Bhawan, Shaheed Jeet Singh Marg, New Delhi 110016.(IO/85/2010)

Import Bills Received Directly By Importers:

Remittance for import bills received directly by the importer from the overseas seller should be made **ONLY** to the following cases:

- Where value of import bill does not exceed USD 300000/-. Exceeding this value, should be supported by a satisfactory OPL on the supplier.
- Imports upto USD 300000 of magazines, life saving drugs or imports by reputed research institutions like IIT, IISc etc.
- Full Import bill in case of STATUS Holder Exporters, 100% EOUs, units in Free Trade Zones, PSUs, Bills received by wholly owned Indian subsidiaries of foreign companies from their foreign principals
- **Direct Receipt of Import Bills / Documents** – Limit enhanced to USD 3,00,000 with certain conditions. (ID Cir :65/2008)

Delinking Of Import Bills: To be made on 10th day from the date of covering schedule of FD/ 10th day from the date of receipt of bill in case of DBs/Obs.

External Commercial Borrowing

- It can be in the form of bank loans, buyer's credit, supplier's credit, floating rate bonds, fixed rate bonds.
- It is availed from Non resident lenders.
- There are two routes for availing ECB. Automatic route and approval route.
- Automatic route is used for investment in real sector (mfg sector).
- Corporate borrowers (except financial intermediaries) are eligible .
- Individuals, Trusts, Non profit organizations are not eligible.
- NGOs engaged in micro finance eligible.

ECB: Amount and Maturity

- Upto USD 20 Mn with minimum average maturity of 3 years.
- Above USD 20 Mn upto USD 500 Mn with minimum average maturity of 5 years.
- Maximum amount a corporate can raise in a year is USD 500 Mn.
- Maximum amount for NGOs involved in Micro Financing it is USD 5 Mn only
- Issue of BG, SBLCs or Letter of comfort for ECBs not permitted.
- Corporates in Service Sector like Hotels, Hospitals and Software can get maximum USD 100 million per financial year. NGOs engaged in micro finance can get maximum USD 5 million during a financial year.
- Prepayment of ECB is allowed upto US\$ 500 million without prior approval of RBI

Trade Credits for Imports into India

- Trade Credits (TC) refer to credits extended for imports directly by the overseas supplier, bank and financial institution for maturity of less than three years.
- Depending on the source of finance, such trade credits include suppliers' credit or buyers' credit.
- Suppliers' credit relates to credit for imports into India extended by the overseas supplier, while buyers' credit refers to loans for payment of imports in to India arranged by the importer from a bank or financial institution outside India for maturity of less than three years.
- It may be noted that buyers' credit and suppliers' credit for three years and above come under the category of External Commercial Borrowings (ECB) which are governed by ECB guidelines.
- **Trade Credits: Amount and Maturity:**
- AD banks are permitted to approve trade credits for imports into India up to **USD 20 million per import transaction** for imports permissible under the current Foreign Trade Policy of the DGFT with a **maturity period up to one year** from the date of shipment.
- For **import of capital goods** as classified by DGFT, AD banks may approve trade credits up to **USD 20 million per import transaction** with a **maturity period of more than one year** and less than three years from the date of shipment.
- No roll-over / extension will be permitted beyond the permissible period.
- AD banks shall not approve trade credit exceeding USD 20 million per import transaction

Exports

Allowing of Write Off Of Unrealised Export Bills by AD-1 Bank: If the amount has remained outstanding for one year or more. The aggregate amount of write off during a calendar year should not exceed 10% of the total export proceeds realised by the concerned exporter. Delegated powers : CM/DM: Rs.2lacs, AGM : Rs.5 lakhs and DGM : unlimited.

Status Holder Exporters may write off outstanding export dues to the extent of 5% of their average annual realisation during the preceding three financial years or 10% the export proceeds due during the financial year whichever is higher.

Clean Packing Credit: Granted those cases where exporter is unable to procure the materials immediately on making the payment or within a short transit period as he has to procure the goods from the outstation market. Generally granted as sub limit to Packing Credit. Margin: minimum 25%.

In order to reduce the cost to exporters (i.e., interest cost on overdue export bills), exporters with overdue export bills may also extinguish their overdue post shipment rupee export credit from their rupee resources. However, the corresponding GR form will remain outstanding and the amount will be shown outstanding in XOS statement. The exporter's liability for realisation would continue till the export bill is realized. (IO/38/2011)

FOSC/FCDB

- Branches have to pay compensation for delay in collection beyond reserve period i.e.
- 21 days for personal cheques/drafts payable abroad
- 45 days for personal cheques/drafts payable in a country other than the currency of the country
- 15 days for FC instruments payable in India.
- FCDBs : For instruments other than TCs, TT Buying rate is to be quoted/applied
- Interest for transit period : BPLR + 1.5%
- Transit Period: USD instruments drawn on USA : 10 days // USD instruments drawn on any other country: 15 days // Other Currencies payable abroad : 15 days
- For Purchased Instruments : No Commission. Only Postage Rs.25/- per item
- Branches NOT to handle THIRD PARTY/ENDORSED instruments drawn in any foreign currency either on collection basis or for discounting.

Pre Shipment Credit In Foreign Currency (PCFC)

- Currency: USD, GBP, EURO. Minimum Amount 10000 USD/GBP/EURO.
- PCFC is to be liquidated by BRD if export takes place.
- If Export could not take place within 360 days, PCFC to be recovered from Exporter.
- Normally PCFC permitted for 180 days. Can be extended another 180 days.
- No refinance available from RBI for PCFC & BRD.

Normal Transit Period – NTP

- Concessional ROI for exports is linked with NTP.
- Average period normally involved from the date of negotiation of bill till the receipt of proceeds of bill in Nostro account = NTP.

- Sight bills / On Demand Bills = Concessional ROI will be upto NTP
- Usance Bills = Concessional ROI = NTP + Usance Period.
- Normal Transit Period: All bills in FC – 25 days. // Exports to Iraq: 120 days

NTP for bills in INR:

- Bills under LC – Reimbursement provided at the centre of negotiation – 3 days
- Other than the centre of negotiation – 7 days
- Reimbursement by banks situated outside India – 20 days
- Bills not under LC – 20 days
- Russian exports – 20 days

Status Report (OPL) On Overseas Buyer

- Should be obtained once a year and preserved in respective CR file
- Branches can waive Status Report in the following cases:
 - If exporter is a Public Sector Undertaking or a Government Department
 - If the exporter is Standard Asset S1, S2 and having good track record
 - Where Pre shipment/post-shipment is covered by ECGC policy
 - Where buyer is a Fortune 500 company
- Amount involved is 30 lacs (DP basis) or 15 lacs (DA basis) under Prime Bank LC , Other than Prime Bank LC, it is 20 lacs and 10lacs.
- **Status Report** (OPL) on foreign buyers in case of export bills and Foreign suppliers in case of imports : May be waived if drawn under Prime Bank LCs on DA basis: Bills not exceeding Rs.15 lakhs and on DP basis: Bills not exceeding Rs.30 lakhs. Bills not NOT under LC: Rs.10 lakhs (DA basis) Rs.20 lakhs (DP basis). Waived in case: If the exporter is a PSU / Govt. Undertakings / Departments / “Status Holder” (earlier known was “Star Export House”). (cir 92/09, ID 16/09)
- The Panel of Service providers from whom the Status Reports on foreign entities can be obtained is as follows:

1. M/S DUN AND BRADSTREET INFORMATION SERVICES INDIA PRIVATE LIMITED
2. M/S MIRA INFORM PRIVATED LIMITED
3. M/S BRICKWORK INDIA (PRIVATE) LIMITED, BANGALORE

RBI Master Circular on Exports dt.1.7.2010

- * **Time Limit for Sanction of Export Credit Proposals:** Fresh / enhanced export credit limits - within 45 days. Renewal and sanction of ad hoc credit facilities - Not exceeding 30 days and 15 days respectively, other than for Gold Card holders.
- * **Gold Card:** Requests from card holders would be processed quickly by banks within 25 days / 15 days and 7 days for fresh applications / renewal of limits and ad hoc limits, respectively.
- * **Ad hoc Limit:** Banks should adopt a flexible approach in respect of exporters. No additional interest is to be charged.
- * **Rejections of export credit proposals:** Report to CMD.
- * **Export Credit Performance Indicator for Banks:** Outstanding export credit equivalent of **12% of each bank's Adjusted Net Bank Credit**. Reviewed by the RBI at half yearly intervals.
- * Where banks have already provided export credit to the extent of 12 percent, endeavour should be made to increase the same to a higher level and ensure that there is no fall in the ratio.
- * No worthwhile export order should be denied export credit from the banks.
- * Failure to achieve the stipulated level of export credit and or failure to show a distinct improvement in export credit performance could invite **bank-specific policy responses** which could include raising of reserve requirements and withdrawal of refinance facilities.
- * Export trade is regulated (Policies and procedures) by the DGFT, functioning under the Ministry of Commerce and Industry.

- * **Export Declaration Form GR:** To be completed in duplicate for export otherwise than by Post including export of software in physical form i.e. magnetic tapes / discs and paper media.
- * **Export Declaration Form SDF:** To be completed in duplicate and appended to the shipping bill, for exports declared to Customs Offices notified by the Central Government which have introduced Electronic Data Interchange (EDI) system for processing shipping bills notified by the Central Government.
- * **Export Declaration Form PP:** To be completed in duplicate for export by Post.
- * **Export Declaration Form SOFTEX:** To be completed in triplicate for declaration of export of software otherwise than in physical form, i.e. magnetic tapes / discs, and paper media.
- * **Grant of GR Waiver:** Up to 2% of the average annual exports of the applicant during the preceding three F/Ys subject to a ceiling of Rs.5 lakhs.
- * **Grant of GR Waiver:** For status holder exporters, the limit as per the present Foreign Trade Policy is Rs.10 lakhs or 2 % of the average annual export realization during the preceding three licensing years (April-March), whichever is higher.
- * **Realization and Repatriation of Export Proceeds:** It is obligatory to realise and repatriate the full value of goods or software. (a) By Units in SEZs : **No specific time period**; (b) By Status Holder Exporters: **Within 12 months** from the date of export; (c) By 100 % EOUs and units under EHTPs/STPs/Biotechnology Parks: **Within 12 months** from the date of export; (d) Goods exported to a warehouse established outside India: As soon as it is realised and in any case within **15 months** from the date of shipment of goods; and (e) In all other cases : **12 months** from the date of export **till March 31, 2011**.

- * **Advance Payments against Exports:** The shipment must be made **within one year** from the date of receipt of advance payment. The ROI, if any, payable on the advance payment does not exceed **LIBOR + 100 basis points**; and
- * **Direct Dispatch of Documents by Bank to Consignee:** If Advance payment or an irrevocable letter of credit has been received for the full value of the export shipment+ Exporter is a regular customer (>6 months) + bank is satisfied of standing and track record of the exporter+ Export value declared is not more than Rs.25,000/- in value and not declared on GR / SDF / PP / SOFTEX form.
- * **Direct Dispatch of Documents by the Exporter:** AD Category - I banks may regularize cases of dispatch of shipping documents by the exporter direct to the consignee or his agent resident in the country of the final destination of goods, up to **USD 1 million** or its equivalent, **per export shipment**, subject to certain conditions. (i.e. full value realized + > 6 months old party + KYC is compliant)
- * **Invoicing of Software Exports:** For long duration contracts involving series of transmissions: at least **once a month** or on reaching the 'milestone'. Contracts involving only 'one-shot operation': the invoice / bill should be raised **within 15 days** from the date of transmission. The exporter should submit SOFTEX to STPI **not later than 30 days** from the date of invoice
- * **Counter-Trade Arrangement:** Counter trade proposals involving adjustment of value of goods imported into India against value of goods exported from India in terms of an arrangement voluntarily entered into between the Indian party and the overseas party through an Escrow Account opened in India in US Dollar will be considered by the RBI.
- * **Project Exports and Service Exports:** Export of engineering goods on deferred payment terms and execution of turnkey projects and civil construction contracts abroad are collectively referred to as 'Project Exports'.
- * **Export of Currency:** Indian currency of value not exceeding Rs.7500/- permitted.

- * **Form XOS - Follow-up of Overdue Bills -:** Submitted to RBI on a half-yearly basis, giving details of all export bills outstanding **beyond six months from the date of export** as at the end of June and December every year. The statement should be submitted in triplicate within **15 days** from the close of the relative half-year.
- * **Reduction in Invoice Value on Account of Prepayment of Usance Bills:** AD Category - I banks may allow cash discount to the extent of amount of proportionate interest on the unexpired period of usance, calculated at the ROI stipulated in the export contract or at the prime rate / LIBOR of the currency of invoice where ROI is not stipulated in the contract.
- * **Reduction in Invoice Value in other Cases:** The reduction should not exceed 25 % of invoice value. + Surrender proportionate export incentives availed.
- * In the case of exporters who have been in the **export business for more than three years**, reduction in invoice value may be allowed, **without any percentage ceiling**, subject to the above conditions as also subject to their track record being satisfactory, i.e., the export outstandings do not exceed 5 % of the average annual export realization during the preceding three F/Ys.
- * **Extension of Time and Self write-off by the Exporters:** The aggregate value of such export bills written-off (including reduction in invoice value) and bills extended for realization does **not exceed 10%** of the export proceeds due during the F/Y;
- * **Extension of Time:** The RBI has permitted the AD Category - I banks to extend the period of realization of export proceeds beyond 12 months from the date of export, **up to a period of six months**, at a time, irrespective of the invoice value of the export subject to the certain conditions.
- * **Write off by AD Category - I Banks:** May be permitted by AD bank subject to conditions :
 - * Remained outstanding for > one year + The aggregate amount of write off allowed by the AD Category - I banks during a F/Y does **not exceed 10% of the total export proceeds** realised by the concerned exporter through the concerned AD Category - I banks during the previous F/Y.
- * **Exemptions from furnishing the export declaration:** Trade samples and publicity material; personal effects; goods or software accompanied by a declaration by the exporter that they are not more than **twenty five thousand USD** in value; by way of **gift of goods** accompanied by a declaration by the exporter that they are **not more than five lakhs** rupees in value; goods imported free of cost on re-export basis.
- * **Rupee Pre-shipment Credit / Packing Credit – Definition:** 'Pre-shipment / Packing Credit' means any loan or advance granted or any other credit provided by a bank to an exporter for financing the purchase, processing, manufacturing or packing of goods prior to shipment / working capital expenses towards rendering of services on the basis of letter of credit opened in his favour or in favour of some other person, by an overseas buyer or a confirmed and irrevocable order for the export of goods / services from India or any other evidence of an order for export from India having been placed on the exporter or some other person, unless lodgement of export orders or letter of credit with the bank has been waived.
- * **Period of Advance:** As per WC Cycle.
- * If pre-shipment advances are not adjusted by submission of export documents within 360 days from the date of advance, the advances will cease to qualify for prescribed ROI for export credit to the exporter ab initio.
- * **Liquidation of Packing Credit:** May be liquidated out of proceeds of bills drawn for the exported commodities on its purchase, discount etc. It can also be repaid / prepaid out of

balances in EEFC A/c as also from rupee resources of the exporter to the extent exports have actually taken place.

- * **'Running Account' Facility:** Pre-shipment credit to exporters is normally provided on lodgment of L/Cs or firm export orders. It is observed that the availability of raw materials is seasonal in some cases. Having regard to difficulties being faced by the exporters in availing of adequate pre-shipment credit in such cases, banks have been authorised to extend Pre-shipment Credit 'Running Account' facility in respect of any commodity, without insisting on prior lodgement of letters of credit / firm export orders.
- * Banks should mark off individual export bills, as and when they are received for negotiation / collection, against the earliest outstanding pre-shipment credit on 'First In First Out' (FIFO) basis.
- * Running account facility should not be granted to sub-suppliers.
- * **Export of Services:** Pre-shipment and post-shipment finance may be provided to exporters of all the **161 tradable services** covered under the General Agreement on Trade in Services (GATS) where payment for such services is received in free foreign exchange as stated at Chapter 3 of the Foreign Trade Policy 2009-14. A list of services is given in **Appendix 10 of HBPv1.**
- * **Post-shipment Rupee Export Credit – Definition:** 'Post-shipment Credit' means any loan or advance granted or any other credit provided by a bank to an exporter of goods / services from India from the date of extending credit after shipment of goods / rendering of services to the date of realisation of export proceeds as per the period of realization prescribed by RBI, and includes any loan or advance granted to an exporter, in consideration of, or on the security of any duty drawback allowed by the Government from time to time.
- * **Main Types of Post-shipment Credits:** (i) Export bills purchased / discounted / negotiated. (ii) Advances against bills for collection. (iii) Advances against duty drawback receivable from Government.
- * **Liquidation of Post-shipment Credit:** By the proceeds of export bills received from abroad in respect of goods exported / services rendered. {or EEFC A/C as also from proceeds of any other unfinanced (collection) bills.}
- * **Rupee Post-shipment Export Credit – Period:** (i) In the case of demand bills, the period of advance shall be the Normal Transit Period (NTP) as specified by FEDAI. (ii) In case of **usance bills**, credit can be granted for a **maximum duration of 365 days** from date of shipment inclusive of Normal Transit Period (NTP) and grace period, if any. (iii) **'Normal transit period'** means the average period normally involved from the date of negotiation / purchase / discount till the receipt of bill proceeds in the Nostro account of the bank concerned, as prescribed by FEDAI from time to time. It is not to be confused with the time taken for the arrival of goods at overseas destination. (iv) An Overdue Bill: (a) in the case of a demand bill, is a bill which is not paid before the expiry of the normal transit period, plus grace period and (b) in the case of a usance bill, is a bill which is not paid on the due date.
- * **Advances against Undrawn Balances on Export Bills:** In respect of export of certain commodities where exporters are required to draw the bills on the overseas buyer up to 90 to 98 percent of the FOB value of the contract, the residuary amount being 'undrawn balance' is payable by the overseas buyer after satisfying himself about the quality / quantity of goods. Payment of undrawn balance is contingent in nature. Banks may consider granting advances against undrawn balances at concessional rate for a **maximum period of 90 days** only. For the period beyond 90 days - 'ECNOS' be charged.
- * **Advances against Retention Money:** In the case of turnkey projects / construction contracts, progressive payments are made by the overseas employer in respect of services

segment of the contract, retaining a small percentage of the progressive payments as retention money which is payable after expiry of the stipulated period from the date of the completion of the contract, subject to obtention of certificate(s) from the specified authority. The payment of retention money is contingent in nature as it is a defect liability. No advances may be granted against retention money relating to services portion of the contract. Where the retention money is payable within a period of one year from the date of shipment, according to the terms of the contract, banks should charge prescribed ROI up to a maximum period of **90 days**. The ROI prescribed for the category 'ECNOS' at post-shipment stage may be charged for the period beyond 90 days. Beyond one year from the date of shipment: Treated as post-shipment credit.

- * **Post-shipment Advances against Duty Drawback Entitlements:** Eligible for concessional ROI and refinance from RBI up to a maximum period of **90 days** from the date of advance.
- * **Deemed Exports:** Orders for supplies in respect of projects aided / financed by bilateral or multilateral agencies / funds (including World Bank, IBRD, IDA), has been notified as "Deemed Exports" in Foreign Trade Policy.
- * Banks may also extend rupee : (i) pre-shipment credit, and (ii) post-supply credit (for a maximum period of **30 days** or up to the actual date of payment by the receiver of goods, whichever is earlier), for supply of goods specified as 'Deemed Exports' under the same Chapter of Foreign Trade Policy from time to time.
- * **Interest on Rupee Export Credit:** The Base Rate System will be applicable with effect from July 1, 2010. Accordingly, interest rates applicable for all tenors of rupee export credit advances will be at or above Base Rate.
- * **ECNOS:** ECNOS means Export Credit Not Otherwise Specified in the Interest Rate structure for which banks are free to decide the ROI keeping in view the BPLR and spread guidelines. Banks should not charge penal interest in respect of ECNOS.

Concessional Rate applicable to different categories of Export Credit	
1.	Pre-shipment Credit (from the date of advance)
(a)	Up to 270 days
(b)	Against incentives receivable from Government covered by ECGC Guarantee up to 90 days
2.	Post-shipment Credit (from the date of advance)
(a)	On demand bills for transit period (as specified by FEDAI)
(b)	Usance bills (for total period comprising usance period of export bills, transit period as specified by FEDAI, and grace period, wherever applicable)
i)	Up to 180 days
ii)	Up to 365 days for exporters under the Gold Card Scheme.
(c)	Against incentives receivable from Govt. (covered by ECGC Guarantee) up to 90 days
(d)	Against undrawn balances (up to 90 days)
(e)	Against retention money (for supplies portion only) payable within one year from the date of shipment (up to 90 days)

- * **Interest on Pre-shipment Credit:** up to 270 days
- * **Interest on Post-shipment Credit:** Early Payment of Export Bills - till the date of realisation of such bills.

- * **Rupee Export Credit Interest Rates Subvention:** 2 percentage points per annum on rupee export credit

Export Credit in Foreign Currency

- * **PCFC:** With a view to making credit available to exporters at internationally competitive rates, authorised dealers have been permitted to extend pre-shipment Credit in Foreign Currency (PCFC) to exporters for domestic and imported inputs of exported goods at LIBOR / EURO LIBOR / EURIBOR related rates of interest.
- * **Choice of Currency:** In one of the convertible currencies viz. US Dollars, Pound Sterling, Japanese Yen, Euro, etc.
- * **Source of Funds for Banks:** EEFC Accounts, RFC (D) and FCNR(B) could be utilised for financing the pre-shipment credit in foreign currency.
- * **Foreign Currency Borrowings:** In addition, banks may arrange for borrowings provided the ROI on the borrowing does not exceed 100 basis points over six months LIBOR / EURO LIBOR / EURIBOR.
- * Banks may avail of lines of credit from other banks in India if they are not in a position to raise loans from abroad on their own, subject to the condition that ultimate cost to the exporter should not exceed 200 basis points above LIBOR / EURO LIBOR / EURIBOR, provided the bank does not have a branch abroad.
- * **Spread:** should not exceed **200 basis points over LIBOR / EURO LIBOR / EURIBOR**, excluding withholding tax.
- * LIBOR / EURO LIBOR / EURIBOR rates are normally available for standard period of 1, 2, 3, 6 and 12 months. Banks may quote rates on the basis of standard period if PCFC is required for periods less than 6 months. However, while quoting rates for non-standard period, banks should ensure that the rate quoted is below the next upper standard period rate.
- * **Period of Credit:** For a **maximum period of 360 days**.
- * **Liquidation of PCFC Account:** Out of proceeds of export documents on their submission for discounting / rediscounting under the EBR/BRD Scheme. Or out of balances in EEFC A/c as also from rupee resources of the exporter to the extent exports have actually taken place.
- * **Running Account Facility for All Commodities:** can be permitted.
- * **Refinance:** Banks will **not be eligible** for any refinance from RBI against export credit under the PCFC scheme.

Post-shipment Export Credit in Foreign Currency

- * **Rediscounting of Export Bills Abroad Scheme (EBR/BRD)Scheme:** Banks may arrange a "Bankers Acceptance Facility" (BAF) for rediscounting the export bills without any margin and duly covered by collateralised documents. Each bank can have its own BAF limit(s) fixed with an overseas bank or a rediscounting agency or an arrangement with any other agency such as factoring agency (in case of factoring arrangement, it should be on 'without recourse' basis only).
- * **Eligibility Criteria:** The Scheme will cover mainly export bills with usance period **up to 180 days** from the date of shipment (inclusive of normal transit period and grace period, if any).
- * **Refinance:** Banks will not be eligible for refinance from the RBI against export bills discounted / rediscounted under the Scheme.

Gold Card Scheme for Exporters:

- * All creditworthy exporters, including those in small and medium sectors with good track record would be eligible for issue of Gold Card.
- * The scheme will not be applicable for exporters blacklisted by ECGC or having overdue bills in excess of 10% of the previous year's turnover.
- * 'In-principle' limits will be sanctioned for a period of 3 years (2 YEARS in our bank) with a provision for automatic renewal subject to fulfillment of the terms and conditions of sanction.
- * A **stand-by limit of not less than 20 per cent** of the assessed limit may be additionally made available to facilitate urgent credit needs for executing sudden orders.

Important forex returns:

- **R-Return:** Transactions in various currencies, consolidated bank wide return. Fortnightly on 15th and last day of the month – within 7 days
- **XOS :** Outstanding export bills more than 6 months: half yearly June & Dec with in 15 days
- **NRD CSR:** Non Resident deposits comprehensive single return on NR/FCNR deposits and their transactions in a month. Monthly. Now discontinued for CBS branches.
- **STAT -5:** Statement of FCNR deposits (Inflow, outflow and outstanding) : Monthly
- **STAT -8:** Statement of NRE/NRO accounts inflow, outflow and outstandings: Monthly
- **BEF:** Imports in respect of which documentary proof has not been submitted by the importer. Half yearly June & Dec with in 15 days
- **EBW:** Export Bills written off - Half yearly June & Dec with in 15 days
- **ECB 2:** External Commercial Borrowings – Monthly.

Forex - Miscellaenous matters:

- Reporting to FDs should be done by branches for foreign exchange transactions exceeding USD 500
- Composit rate of interest is LIBRO Rate + 2%(our margin)
- Standby credit facility can be given to an export unit upto 10% of delegated powers or 10% of sanctioned limit which ever is less.
- In case of advance remittance towards import, **physical import should take place** with in: 36 months for capital goods and 6 months for non capital goods.
- Forefating of export bills is available for transactions of amounts equivalent upto US\$ 1,00,000 and above
- **Time Limit for Normal Imports:** In terms of the extant regulations, remittances against imports should be completed not later than six months from the date of shipment, except in cases where amounts are withheld towards guarantee of performance, etc.

Official Language

1. The Official Language Policy came in force with effect from 26.1.1950. The Act was passed in the year 1963
2. The Parliamentary Committee on Official Language has to be constituted with 30 members – 20 from Lok Sabha and 10 from Rajya Sabha.
3. Official Language Rules were framed in 1976
4. Official Language Rules are applicable to all states and union territories except Tamil Nadu.
5. Under Rule 5, all letters received in Hindi have to be replied to in Hindi only.
6. As per Rule 10(c) of OL Act, a letter received in Hindi is to be replied in Hindi.
7. It is the responsibility of the administrative head of each branch/office/department to ensure that the provisions of OL act are complied with (rule 12(1))
8. Canara Bank Rajbhasha Akshay Yojana - Award to Branches/Offices for usage of Hindi.
9. Canara Bank Rajbhasha Puraskar Yojana - Award to employees for using of Hindi in day to day official work.
10. Indira Gandhi Official Language Award Scheme given by Government to Ministries, Banks, Financial Institutions for using of Hindi
11. Indira Gandhi Award for original books written by employees in Hindi –
1st prize – Rs.10,000/-, 2nd Prize – Rs.8000/- 3rd Prize – Rs.5000/-
12. All branches to have Official Language Implementation Committee with branch head as the Ex-officio Chairman. Atleast . One meeting every 3 months.
13. The OL Committee has to be reconstituted every year.
14. As per Section 3(3) of OL Act 1963, general orders, instructions, circulars, notices etc have to be issued invariably in Hindi and English.
15. STR 18 – quarterly Progress Report on OL due on last day of every quarter.

16. **Hindi Day** is celebrated on 14th September every year – to commemorate the constitutional recognition accorded to Hindi as the Official Language on 14.9.1949.
17. **Region A** – HP, Haryana, Rajasthan, MP, Bihar, UP, Uttarakhand, Jharkhand, Chattisgarh, Ut of Delhi, **Andaman & Nicobar Island**
18. **Region B** – Maharashtra, Gujarat, Punjab, UT of Chandigarh
19. **Region C** – All other remaining states
20. In Parliament Hindi & English are used for transaction of business.
21. As per section 3(3) of the act, certain specified documents are to be bilingual
22. Script of official language Hindi is Devanagari
23. The in house distance education programme of the bank is CANBANK HINDI PATHRACHAR PATHYAKRAM.
24. When 80% of the staff members attain working knowledge in Hindi in a branch/office, the name of the branch/office will be notified in the gazette under Rule 10(4)
25. Rule 11 specifies that manuals, codes, stationery items etc should be in lingual
26. As per Rule 12, responsibility of compliance of Official Language rules lies with the administrative head
27. The order of language in the name plates of our Bank in Region C should be Regional Language, Hindi, and English.
28. Periodicity of OLIC meetings – quarterly – calendar quarter
29. Town OLIC – TOLIC meetings – once in 6 months.
30. 50% of total library budget should be used for purchase of Hindi Books
31. If any staff member passes Banking Pragya, it will be treated that he possesses working knowledge in Hindi
32. IT initiatives in the field of OL implementation – Shabdaratna – word processor, AkruTI-MS Office, BankscripT – Bilingual interface for passsheet, FDR, leave proceedings etc
33. Under Canara Bank Rajabasha Akshay Yojana – branches/offices are awarded prizes.
34. Under Canara Bank Rajbhasha Puraskar Yojana – staff members are awarded prizes
35. Canara Bank has won the consolation prize for the Best implementation of Official Language Hindi for the year 2003/2004 from Government of India (Indira Gandhi Rajbhasha Shiled))
36. If an employee passes matriculation or equivalent or higher examination with Hindi as a medium of examination he will be treated as possessing proficiency in Hindi
37. If any typist types 300 notes/letters/drafts in Hindi in a quarter he will be eligible for an allowance of Rs. 80/- per month
38. Incentive to officers for giving dictations in Hindi – 5 letters etc., per day or 250 letters/drafts per quarter – Rs. 1000/- per month in Region-C
39. If an employee passes in Banking Pragya Examination under correspondence course with 70% and above marks he will be eligible for an incentive amount of Rs. 900/-
40. Hindi magazine published by Canara Bank, HO – CANJYOTHI
41. Hindi divas is celebrated on – 14th September each year
42. The articles of consitution dealing with official language – 343 to 351
43. Hindi was declared as official language of the Indian Union – 14.09.1949
44. **Hindi Pakhwara** (Hindi Fortnight) celebrated from September 1st to 14th.

Cir 204/2010: Compliance of Government / Reserve Bank of India guidelines regarding Official Language Implementation and modifications in reporting STR 18 (For Regions 'A' and 'B')

- * Under Rule 5, Letters received in Hindi to be replied in Hindi All Regions A,B&C uniformly - 100%
- * Preparation of bilingual training material All Regions A,B&C uniformly - 100%

Original correspondence in Hindi:

Region "A"	Region "B"	Region "C"
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From	From	From
1. "A" to "A" - 100%	1. "B" to "A" - 90%	1. "C" to "A" - 55%
2. "A" to "B" - 100%	2. "B" to "B" - 90%	2. "C" to "B" - 55%
3. "A" to "C" - 65%	3. "B" to "C" - 55%	3. "C" to "C" - 55%
4. "A" to Offices / individuals in States / UTs of "A" & "B" - 100%	4. "B" to Offices / individuals in States / UTs of "A" & "B" - 100%	4. "C" to Offices / individuals in States / UTs of "A" & "B" - 85%

- * Purchase of all electronic equipments, including computers in bilingual form All Regions A,B&C uniformly -100%
- * Website All Regions A,B&C uniformly -100% (bilingual)
- * Citizen Charter and display of Public interface information Board All Regions A,B&C uniformly - 100% (bilingual)
- * Inspection of Subordinate Branches / Offices (% of Offices) All Regions A,B&C uniformly - 25% (minimum)
- * Inspection of Sections at Head Office /Circle Office All Regions A,B&C uniformly - 25% (minimum)
- * Translation of Codes, Manuals, forms, procedural literature - All Regions A,B&C uniformly- 100%

RBI Notifications/Instructions during 2011:

RBI brings fresh norms to help banks manage risks: (BS dt. 28.04.2011 p. 7):The RBI has come out with fresh norms for tightening the risk management of banks, asking them to scale up to the Basel-II norms - the third stage of international banking norms. The Advanced Management Approach (AMA) norms, released by RBI, will guide banks to measure operational risk, maintain solvency and migrate to the next stage of the capital adequacy requirements. The AMA guidelines, which deal with computation of capital charge for managing operational risks, are likely to be implemented from April 1, 2014.

RBI may implement Mohanty panel's LAF proposals: (BS dt. 28.04.2011) : The Reserve Bank of India may implement the recommendations of the working group on operating procedure of monetary policy on May 3, when it announces the annual monetary and credit policy for financial year 2011-12. On March 15, the working group, chaired by RBI Executive Director Mr. Deepak Mohanty, had submitted its report, for which comments and suggestions were invited till end-March. RBI has, since then, held various discussions on the recommendations with market participants.

RBI creates two more ED posts: (BS dt. 28.04.2011):The RBI has decided to increase the number of its executive directors from seven to nine. The two additional executive directors would be appointed in May. Since one of the executive directors would replace deputy governor Ms. Shyamala Gopinath, who would retire in May, RBI would conduct interviews to select a total of three executive directors. The move follows a review of the various important posts in RBI. Among the eligible candidates Mr. P Vijay Bhaskar, regional director of Bangalore, is the seniormost chief general manager, followed by Mr. B Mahapatra and Mr.

G Padmanabhan. A candidate requires three years of residual service to be eligible for the post of executive director. The retirement age for RBI employees is 60 years.

RBI may make it mandatory for foreign banks to adopt WoS route:(FE dt. 09.05.2011)

The Reserve Bank of India is likely to make it mandatory for foreign banks in the country to operate as wholly-owned subsidiaries, in line with the international practice, so that the central bank can have better control over their working. Initially according to sources, the new banks and the existing ones with a few branches will be asked to convert into wholly-owned subsidiaries (WoS). The larger banks, they said, could be given some more time to adhere to the guidelines that are likely to be announced by June-end. At present, the foreign banks operate through their branches. Under the WoS model, the foreign banks will be required to set up a subsidiary under the Companies Act and operate as an Indian entity.

Monetary transmission still a fair way from best practice: RBI: (BL dt. 10.05.2011 p. 6)

The Reserve Bank of India Governor, Dr D. Subbarao, on Monday said monetary transmission, though improving, is still a fair bit away from best practice. The factors inhibiting the transmission process are: an asymmetric relationship between depositors and banks; administered interest rates on postal savings that are not adjusted in line with prevailing interest rate trends; and rigidities in the financial markets. The aforementioned factors dampen the efficacy of monetary signals and complicate the adoption of an inflation targeting regime in India, said the Governor in his address at the meeting of the Central Bank Governance Group in Basel.

CEOs of foreign banks responsible for regulatory compliance:RBI:(BL dt.12.05.2011)

The Reserve Bank of India on Wednesday sent a missive to the local chiefs of foreign banks that the responsibility for oversight of regulatory and statutory compliance, as well as audit in respect of all operations in the country, will lie with them. This directive comes in the wake of a couple of serious cases of greedy relationship managers with foreign banks taking their high networth clients for a ride coming to light in the last few months. The most prominent case of fraud involved a Citibank relationship manager who floated a fraudulent deposit scheme and promised high returns. The official managed to convince about 20 high networth Citibank customers to park their funds in the scheme. The Reserve Bank of India has conducted a special enquiry into the Rs.460 crore Citibank fraud case.

RBI wants more FDI, but worried by quality of portfolio inflows:(BL dt 13.05.2011)

The Reserve Bank of India is making concerted efforts to attract foreign direct investments into the country though the quality of inflows was a concern. The RBI Deputy Governor, Ms foreign direct investments speaking to presspersons after the launch of the e-Payment system ('EASeR) developed by RBI-Bangalore and adopted by the Karnataka's Commercial Taxes Department, said the country has been able to absorb capital inflows due to its current account deficit. "But we have expressed apprehension about the quality of inflows in terms of portfolio inflows. But as we see today, we are not seeing too much volatility in that sense. But we would want more FDI to come in so that the quality of the flows does alter," she explained.

RBI suggests two options for Govt holding in public sector banks: (BL dt. 24.05.2011)

The RBI's working group on introduction of financial holding structure in India has recommended two options to warehouse the government's holding in public sector banks. This is in view of the constraint of minimum government shareholding of 51 per cent in these banks. **First option:** Under the first option, the government holding in PSBs gets transferred to a holding company, which also holds shares in demerged bank subsidiaries. Because of the need for the Government to hold minimum 51 per cent in a PSB, the first option will require the financial holding company (FHC) to be listed while the banking subsidiary can remain unlisted, the report states. Further, according to the report, the Government would have to continue to support capital requirements of the bank as well as non-bank subsidiaries. **Second**

option: Under the second option, the Government continues to hold directly in the bank while shareholding of all private shareholders gets transferred to a holding company. The holding company will also hold shares in the demerged bank subsidiaries. Going by the second option, the Government would be required to support only the capital requirements of the bank. The Government could also encash the value of indirect shareholding in bank subsidiaries.

Directors should give details of adverse regulatory notice: RBI: (BL dt. 24.05.2011 p. 6)

The RBI on Monday directed banks to ensure that directors and candidates for the post have to provide details about instances where they have come to adverse notice of a regulatory body, unless the matter has been settled in their favour. "Though it shall not be necessary for a candidate to mention in the column about orders and findings made by regulators which have been later on reversed/set aside in toto, it would be necessary to make a mention of the same, in case the reversal /setting aside is on technical reasons like limitation or lack of jurisdiction, etc," the RBI said.

RBI restructures norms on credit default swaps: (BL dt. 25.05.2011 p. 6)

The Reserve Bank of India has permitted 'restructuring' as an approved credit event (that is, default on a previously agreed financial obligation) that can be covered by credit default swap contracts. The Reserve Bank of India's move to include 'restructuring' as a credit event is significant as it comes at a time when the bad loans problem in the banking system appears to be gradually building up. This is so because of tepid global demand for goods and services, rising input costs and interest rates moving north. In its guidelines on credit default swaps (CDS) for corporate bonds, the Reserve Bank of India said a credit event (that is, default on a previously agreed financial obligation) will cover restructuring approved under the Board of Industrial and Financial Reconstruction, the corporate debt restructuring mechanism and corporate bond restructuring.

Mobile Banking Transactions in India - Operative Guidelines for Banks

The users of mobile banking services and also the volume of such transactions have been steadily increasing since the introduction of this facility. As per the current instructions mobile banking transactions up to ₹1000/- are permitted without insisting on end-to-end encryption. Banks have been representing to the Reserve Bank to enhance the cap fixed for such transactions given the extensive use of this facility.

It has, therefore, been decided to increase the limit of such transactions without end-to-end encryption to ₹5000/- with effect from the date of this circular. Banks may ensure to put in place adequate security measures and velocity limits based on their own risk perception

**Coins of 25 paise and below will not be Legal Tender from June 30, 2011 :
RBI appeals to Public to Exchange them upto June 29, 2011**

Coins of denomination of 25 paise and below will cease to be legal tender from June 30, 2011. These will not be accepted for exchange at bank branches and RBI Issue Offices from June 30, 2011. The Reserve Bank of India has, therefore, appealed to the members of public to exchange these coins at the branches of banks maintaining small coin depots or at the offices of the Reserve Bank. The exchange facility at these bank branches or the Reserve Bank offices will be available till the close of business on June 29, 2011.

Provide portfolio mgmt details, RBI tells banks: (BS dt. 27.05.2011 p. 6)

The RBI has asked banks to furnish details of the portfolio management services offered by them. The Financial Stability and Development Council (FSDC) had earlier mandated RBI and the Sebi to undertake a review of the existing practices followed by banks and brokerage houses in offering wealth management services. The regulators were also asked to come up with fresh guidelines for wealth management services. RBI had, earlier this week, sent mails to various chief executive officers of banks, asking for the details of their operations. It sought to know under what name various products were sold - whether they came under

portfolio management, wealth management, private banking or investment advisory. RBI guidelines pertain to portfolio management services.

RBI's research wing plans to play growth catalyst to financial sector, policy makers: (ET dt. 27.05.2011 p. 11)

The Reserve Bank of India plans to position the Centre for Advanced Financial Research and Learning - or CAFRAL - promoted by it, as a top-rung research institute to cater to policy makers and the financial sector. The centre, which is headed by former Deputy Governor of RBI Ms Usha Thorat, will for the first time provide a platform for academics, researchers and practitioners to explore and carry out research on policy and regulatory issues in banking and finance. Ms Thorat told ET that besides research reports, the centre plans to conduct workshops, seminars and conferences regularly. The institute will flag off its initiative by hosting a conference with CEOs from commercial banks on May 28 on 'Business strategy in the emerging regulatory landscape'. The new research centre hopes to sensitise banks on how to adopt a risk management framework for driving strategy and capital planning by hosting this meeting.

Reserve Bank quashes banks' SLR plan: (ET dt. 22.04.2011 p. 15)

Bankers had urged the Reserve Bank of India to allow them to dip into 2% of their SLR, or statutory liquidity ratio, of the mandated 24% to meet short-term asset liability mismatches. This was conveyed by treasury heads of select banks at a meeting with senior Reserve Bank of India officials early this week. The meeting was called to discuss the Deepak Mohanty report on the operating procedure of monetary policy, which was released last month. However, senior RBI officials turned it down on the grounds that banks had not even availed 1% of the standing facility of net demand and time liabilities (NDTL) of the total SLR in the past. Bankers also discussed issues regarding RBI's preference to maintain liquidity in a deficit mode of 1% of the NDTL. "During the meeting, RBI officials agreed that at times it would be difficult to maintain the liquidity deficit of 1% of NDTL, but efforts have to be made in that direction," said a treasury head present in the meeting. RBI felt that the transmission of the monetary policy hinged on regulating the liquidity in the system, and liquidity in excess of 1% could thwart the process of policy transmission.

RBI sets up cell to monitor 12 large banks: (BL dt. 19.04.2011 p. 6)

The RBI has formed a conglomerate cell within its supervisory set-up to keep a constant vigil on 12 large domestic and foreign banks. This is to prevent any systemic fallout in case one of them falters. The banks that have been identified for consolidated supervision are: SBI, PNB, Canara Bank, Bank of India and Bank of Baroda (public sector banks); ICICI Bank, HDFC Bank, Axis Bank and Kotak Mahindra Bank (private sector banks) and Standard Chartered Bank, Citibank and HSBC (foreign banks). The cell will assess the risks that non-banking activities - insurance, asset/wealth management, broking, investment banking, housing finance and primary dealership could pose to the parent bank. It will also keep a watchful eye to prevent regulatory arbitrage, said a senior official with one of the conglomerate banks. To ensure that the safety and soundness of the banking system is not compromised the cell will actively monitor these banks' exposure to financial markets such as call money, foreign exchange (including currency futures), government securities (including interest rate futures), corporate bonds and equities to pick up possible smoke signals.

RBI asks banks to track dormant accounts: (BL dt. 13.04.2011 p. 6)

The Reserve Bank of India has asked banks to proactively track dormant account holders so that the accounts can either be revived or the balance can be transferred to a new account/legal heirs. The central bank directive comes as banks have a large number of inoperative accounts (about one crore) with unclaimed deposits of around Rs 1,700 crore. Directing banks to conduct an annual review of accounts which are dormant, the central bank

has asked them to write to customers informing them about their inoperative accounts and also seek reasons for the same.

RBI asks NBFCs not to contribute capital to, or invest in, partnership firms: (BL dt. 04.04.2011 p. 10)

The Reserve Bank of India has asked non-banking finance companies (NBFCs) to desist from contributing capital to any partnership firm or be a partner in partnership firms. In the case of existing partnerships, NBFCs should seek early retirement from the partnership firms, the central bank said in a notification to all NBFCs. This directive comes in the backdrop of the Reserve Bank of India coming across some NBFCs having large investments in, or having contributed capital to partnership firms.

Bringing back export proceeds - RBI extends relaxation by six months: (BL dt. 02.04.2011 p. 6)

The RBI, in consultation with the Government, has extended by six months the relaxation whereby the amount representing the full export value of goods or software exported can be realised and repatriated in one year. As per the RBI's notification of June 29, 2010, the relaxation, which enables exporters to realise and repatriate the full value of goods and software exported in 12 months instead of six months earlier, was valid till March 31, 2011. Now, the same has been extended up to September-end 2011.

RBI ticks off banks for rate reset violations: (BS dt. 30.03.2011 p. 1)

The RBI has come down heavily on some banks which are violating agreements with borrowers while increasing interest rates. RBI has observed that some banks raise interest rates, particularly on term loans, every time the benchmark prime lending rate (BPLR) is changed. This is despite the loan contract clearly mentioning that banks can increase rates only after a gap of a certain number of years. This is known as the reset clause in bank parlance. In case of term loans, the common practice is to prescribe a specific reset period, which can be two years, three years or five years. This ensures that a particular rate, once fixed, is maintained for a particular period. Benchmark lending rates, both BPLR and base rate, can change anytime depending on the interest rate environment.

Banks will have to resolve ATM complaints within seven days: (ET dt. 28.05.2011)

The Reserve Bank of India has reduced the time that banks take to resolve customer's complaints regarding ATM transactions to seven working days from 12 working days. Banks, which fail to resolve complaints within seven working days, will have to pay customers Rs 100 per day as compensation. The new guidelines will be effective from July 1 this year. The move to resolve the dispute has come as a major relief to millions of customers who are increasingly using ATMs to withdraw cash. While issuing this directive, Reserve Bank of India has also said customers have to lodge a complaint to the issuing bank within 30 days of the date of transaction to be entitled to receive such a compensation for delay in resolving it.

From July 1, non-financial ATM transactions to attract fee: (BL dt. 28.05.2011)

Come July 1, 2011, bank customers will be charged for making a balance enquiry and taking a mini-statement if they exceed the limit of five free transactions at other bank ATMs. This step has been taken by the Reserve Bank of India in view of the rampant misuse of other bank ATMs for conducting non-financial transactions, such as making a balance enquiry and taking a mini-statement. The Reserve Bank of India, on Friday, said the number of free transactions (five) permitted per month at other bank ATMs to savings bank account holders will be inclusive of all types of transactions, financial or non-financial. That customers were misusing the facility of free non-financial transactions at other bank ATMs is underscored by the fact that in the month of April, 28 per cent of the total volume of 13.79 crore transactions on the National Financial Switch was due to balance enquiry and mini-statement.

Budget Speech: FM has informed to all SCBs that 1% **interest subvention** applicable for **Housing Loans upto Rs.15 lacs** with unit cost of Max. Rs.25 lacs is extended upto

31.3.2012. This interest subvention is applicable for one year only from the date of disbursement. Banks to claim total eligible one year subvention upfront and credit to HL account.

RBI asks ATM operators to adhere to norms(FE dt. 24.03.2011):The Reserve Bank of India has asked all authorized ATM network providers or operators to submit the quarterly data pertaining to resolution of complaints between ATM network operators and banks. "The quarterly data should reach us within a month on completion of each quarter through email. It may also be ensured that the format and time limit prescribed is strictly adhered to," said Reserve Bank of India.

RBI slams banks for LAF misuse (BS dt. 21.03.2011): Banks have come under fire from the Reserve Bank of India (RBI) for lending funds borrowed under the liquidity adjustment facility (LAF) in the overnight money market. LAF funds are meant to meet banks' reserve requirement. At least twice last week, RBI officials told bank managements about their discomfort with lending of LAF funds in the overnight money market. "The liquidity deficit, which shot up last week, made the regulator enquire about the reason. When it came to know that banks were doing arbitrage by lending the borrowed funds in the call money market, it reminded us that LAF funds should not be used for lending," said a top executive of a public sector bank.

RBI raises reverse repo, repo rates to fight inflation(BL dt. 18.03.2011): Rising global commodity prices, particularly of crude oil, has forced the Reserve Bank of India to raise the red flag again on inflation and growth in its mid-quarter monetary policy review. The central bank sharply revised upwards its inflation projection for March-end up to about 8 per cent from 7 per cent, even as it warned that the investment climate could get vitiated, thereby posing a threat to the current growth trajectory. To tackle the rising inflationary trend, the RBI has upped the interest rate at which it injects liquidity into the banking system by 25 basis points to 6.75 per cent (repo rate) and the interest rate at which it absorbs surplus liquidity from the banking system by 25 basis points to 5.75 per cent (reverse repo rate). This is the second time in the current fiscal that the RBI has revised its inflation projection. In January, it had upped the baseline projection for wholesale price index based inflation for March to 7 per cent from 5.5 per cent.

Social riders on banking licences (ET dt. 04.03.2011):Prospective bank licence seekers, be it industrial houses or finance companies, will have to prove their commitment to the government's social agenda of 'financial inclusion' if they are to stand any chance of getting one, RBI Governor Dr D Subbarao said. Foreign banks that want to expand in India may have to mandatorily set up subsidiaries if they are serious about reaping the fruits of Indian growth, although the new rules are yet to be finalised, he signalled.

RBI to rewrite FEMA notification on foreign investment(March 15, 2011): MUMBAI : The Reserve Bank of India (RBI) is rewriting the 11-year old Foreign Exchange Management Act's (FEMA) notification on foreign investment. The revised FEMA notification No. 20 will reflect the changes made to the FDI policies over the last 11 years. It will touch on the issue of securities by persons residing overseas. The notification will define control and ownership of an Indian company as in Press Note 2. It will also remove ambiguity on the definition of capital by excluding warrants and partly-paid shares and non-convertible debentures. (Source:http://www.moneycontrol.com/news/business/rbi-to-rewrite-fema-notificationforeign-investment_529442.html)

RBI mulls issuing plastic currency: (BL dt. 26.02.2011):The Reserve Bank of India is planning to introduce, on a pilot basis, plastic notes of Rs 10 denomination in the jurisdiction of five out of its 22 regional offices. Given that India is a large cash economy and producing such a large amount of currency is expensive, the RBI is exploring the option for economising by replacing paper currency with plastic currency as some countries such as

Singapore and Australia have already done. "Cost and longevity are important dimensions of currency management. We are a large cash economy, in fact, we are the second largest producer and consumer of currency in the world, next only to China. Producing such a large amount of currency is expensive. One option for economising is replacing paper currency with plastic currency," said Dr D Subbarao, Governor, Reserve Bank of India in his Convocation address at the Sambalpur University.

RBI to open offices in North-East: (FE dt. 08.02.2011) :RBI will open sub-offices in all the capital states of North-East, starting with Agartala. RBI Regional Director Ms Surekha Marandi said the process of setting up the first sub-office in Tripura capital of Agartala is on. "We are waiting for Tripura government's offer. As soon as the state government allots a building, we will start the process," she said.

RBI to issue new Rs.10 coins: (BS dt. 08.02.2011):The RBI will soon put new coins of Rs.10 denomination into circulation to felicitate its Platinum Jubilee. The front face of the coin will have the Ashoka Pillar embossed in the centre. The reverse will bear the emblem of the RBI, a palm tree tiger, along with the year "1935-2010" below the emblem. Meanwhile, the RBI said the government in exercise of the powers conferred by Section 15-A of the Coinage Act, 1906 (3 of 1906), has decided to call in from circulation coins of denomination of 25 paise and below with effect from June 29, 2011.

Banks to secure realty loans with escrow a/cs (Details in ET dt. 02.02.2011): The RBI has asked banks to create an escrow mechanism to ring fence their loans to real estate firms and ensure better monitoring of end use of funds. The mechanism will help protect the interest of the lenders and ensure timely completion of projects. "Besides timely implementation of project, the move would ensure transparency in fund utilisation," said Mr Anuj Puri, Chairman and country head of realty consultancy Jones Lang La Salle Meghraj.

Foreign banks' arms too must meet 40% priority sector lending target- RBI: (BL dt. 22.01.2011): Foreign banks set up as wholly-owned subsidiaries will be required to meet the priority sector lending target of 40 per cent of adjusted net bank credit, which is the same for domestic commercial banks, said the Reserve Bank of India, in its discussion paper released.

RBI modifies provisioning norm for NBFCs: (BL dt. 18.01.2011): The Reserve Bank of India has asked all non-banking finance companies to make a provision of 0.25 per cent on standard assets. Till now, NBFCs had to make provisions only for non-performing assets. "In the interests of counter cyclical and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, it has been decided to introduce provisioning for standard assets also", RBI said in its notification. NBFCs have been asked to make a general provision at 0.25 per cent on outstanding standard assets.

RBI gives banks more time for Base Rate methodology change: (BL dt. 07.01.2011): The Reserve Bank of India has allowed banks six more months' time, up to June-end 2011, to change the benchmark and methodology used in the computation of Base Rate. The move is aimed at helping banks stabilise the system of Base Rate calculation. Banks have been following the Base Rate-linked credit pricing system since July 1, 2010. Base Rate, among others, is the sum of a bank's cost of deposits/ funds, unallocatable overhead costs and average return on networth. Banks cannot lend below this rate, which currently ranges from 8 to 9.5%.

RBI modifies norms on CIC: (FE dt. 06.01.2011): The Reserve Bank of India (RBI) has modified the existing regulatory framework for core investment companies (CICs). CICs are defined as systemically important CICs (CICs-ND-SI) and are required to be registered with RBI. The central bank had asked that all CICs-ND-SI should apply to it for a certificate of registration within a period of six months from the date of the notification. The RBI's new norms say: "Adjusted net worth means the aggregate, as appearing in the last audited balance sheet as at the end of the financial year, of owned funds."

KYC Norms / AML Standards / CFT Obligation of Banks under PMLA, 2002: RBI has required banks to apply enhanced due diligence measures on higher risk customers and also advised banks to categorized accounts of bullion dealers (including sub-dealers) & jewelers as 'high risk' customers. Banks are also required to subject these 'high risk account' to intensified transaction monitoring and these 'high risks' should be taken into account by banks to identify suspicious transactions for filing Suspicious Transaction Reports (STRs) to FIU-IND.

RBI Notifications/Instructions during 2010:

RBI cuts SLR for RRBs to 24%: The RBI has announced reduction in the Statutory Liquidity Ratio (SLR), the portion of deposits lenders are supposed to keep in government securities, cash and gold, by one percentage point to 24% for RRBs. The new requirement for RRBs is effective from December 18.12.2010.

Banks can give up to 90% on sub Rs20 lakh home loans: Banks can give up to 90% of the value of the property in case of small value home loans up to Rs 20 lakh. But in case of loans above Rs 20 lakh, the loan to value ratio (LTV) should not exceed 80%, said the Reserve Bank of India, in a notification issued. Following the announcement in the second quarter review of the Monetary Policy, the RBI issued the circular putting a regulatory ceiling on the LTV ratio in respect of banks' housing loan exposures, in order to prevent excessive leveraging by banks. Currently, there is no regulatory ceiling on the LTV ratio in respect of banks' housing loan exposures.

RBI board opposes govt. grip on staff issues: The central board of RBI has opposed a government move to have control over the central bank's staff-related matters. The proposal to make staff regulations statutory and bring them under the subordinate regulation of Parliament was discussed at RBI's board meeting in Kolkata last week.

Banks told to cap cash deposit charges at Rs 5: The RBI has told banks not to charge more than Rs 5 for any cash deposit made at a non-home branch (other than the one where the customer has the account). Some banks charge as much as Rs 110 for such cash deposits. In 2008, RBI said the charge for a transaction under the NEFT up to Rs 1 lakh should not exceed Rs 5. Now, the regulator says cash deposit charges should be in line with NEFT charges.

Hike deposit, reduce lending rates, Subbarao tells banks: The RBI Governor, Dr D. Subbarao, has asked banks to operate on lower margins so that they can offer higher rates on deposits and lend at lower rates. This will help raise savings and channel them into investments to achieve an inclusive double-digit growth. Addressing the annual bankers' conference - Bancon 2010.

Swarnajayanti Gram Swarozgar Yojana (SGSY) -Group Life Insurance Scheme Government of India have revised para 4.36 of the SGSY guidelines in terms of which under the Group Life Insurance Scheme Rs.6000 shall become payable by LIC to the nominee of the deceased in case of natural death. In the event of death due to accident a sum of Rs.12,000 shall become payable by LIC. Instructions of Master Circular also stand amended.

Credit to NRE Account through RTGS / NEFT / NECS / ECS -Issuance of Foreign Inward Remittance Certificate (FIRC): In terms of para 3.A.6 of Exchange Control Manual read with AD (MA series) circular No. 11 dated May 16, 2000, FIRC should not be issued against remittance for credit to NRE account. Further, if the proceeds of inward remittance received are remitted in foreign currency itself to the beneficiary's banker, then FIRC is to be issued by the bank which has received the proceeds in foreign exchange, i.e., the bank which converts the foreign currency into rupees is required to issue FIRC.

Operation of Bank Accounts & Money Mules: To prevent money laundering or terrorist financing activities against banks, RBI has issued circulars on Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) as consolidated in the Master Circular DBOD.AML.BC.No.2/14.01.001/2010-11 dt. 01/07/2010 after noticing that "Money mules" can be used for such activities wherein individual with a bank account is recruited to receive funds and transfer the funds to accounts held on behalf of another, minus a certain commission payment. Many a times the address and contact details of such mules are found to be fake. Following these guidelines operations of such mule accounts can be minimized. Banks are, therefore, advised to strictly adhere to the guidelines along with periodical updation of customer identification data and monitoring of transactions

RBI mulls cap on bank investments in MFs: The Reserve Bank of India mulls capping banks' investment in debt schemes of mutual funds to prevent chaos in the money market which are becoming frequent and to ensure that its policy objectives are not distorted. Sudden withdrawal of funds by banks from mutual funds in times of liquidity shortfall could cause a systemic risk by spreading it to capital markets, the central bank believes. The current liquidity shortage in the system is due to various factors such as big initial public offerings, non-spending by the government which have led to banks borrowing unusually large sums of more than Rs.1.3 lakh crore a day. The plan was discussed among top bankers at the RBI during their meeting with deputy governor Ms. Shyamala Gopinath. There is no certainty that the plan will be implemented. Banks have their individual limits on mutual funds investments. "The point that the RBI was trying to make was that there could be a systemic risk if banks suddenly withdrew huge sums of money from mutual funds," said a banker present at the meeting. "The RBI would want all banks to have a uniform limit and they may suggest this limit." (ET dt. 27.11.2010 p. 1)

RBI allows export payment online: As online payment gateways have emerged as a popular mode of facilitating e-commerce transactions, the Reserve Bank of India (RBI) has decided to allow the authorised dealer category-1 (AD Category-1) banks to offer the facility of repatriation of export related remittances by entering into arrangements with Online Payment Gateway Service Providers (OPGSP). However, this facility will only be available for export of goods and services of value not exceeding \$500. The banks offering this facility should carry out the due diligence of the OPGSP. (FE dt. 17.11.2010 p. 3)

RBI asks banks to disclose loan processing charges: The RBI has asked banks to disclose all charges involved in processing and sanction of loan applications in a transparent manner. "Banks must disclose 'all in cost' inclusive of all such charges involved in processing/sanction of loan applications in a transparent manner to enable the customer to compare the rates/charges with other sources of finance," the RBI said in a notification. The information should also be displayed in the website of the banks for all categories of loan products, the central bank said. (BL dt. 13.11.2010 p. 6)

RBI to make customer service norms stringent: RBI Deputy Governor Dr K C Chakrabarty has cautioned banks that regulatory norms would become more stringent in the realm of customer service provided by the banks. "No discrimination in pricing will be allowed at all," he said while speaking at an event organised by IIBF. Technology is required to be improved by the banks. The aspiration levels of the people have increased today, he said. "When one talks about customer services, it means the whole package of services rendered by the banks at their branches. It may involve services over the phone, over the net including all these different channels. Although banks have taken initiative in improving customer service, there is room for improvement in this area," he said. (FE dt. 13.11.2010 p. 20)

Subsidy based lending model is unsustainable: Gokarn: Lending based on a subsidy model is unsustainable for banks and will not aid financial inclusion, according to the RBI Deputy Governor, Dr Subir Gokarn. "It is very important that lenders also find the lending viable. Of course, there could be subsidies, but a subsidy-based model might not be sustainable," he said in a speech at the international banking conference organised by the Indian Merchants' Chamber. Lender needs to lend at a cost which is lower than the return generated to make it viable. A commercially unviable credit delivery system will not aid financial inclusion, he added. (BL dt. 12.11.2010 p. 7)

RBI cracks whip on minimum balance penalty: Banks have been told by the Reserve Bank of India to be more transparent and levy reasonable penal charges. The central bank is concerned at the rising number of complaints by customers on steep charges by banks if the minimum balance in a savings account dips even marginally. The minimum balance required by some banks for a savings account on a quarterly basis can be as high as Rs.10,000. Penalties can run up to Rs.750, excluding taxes. During a meeting with bankers after its mid-term policy review last week, Reserve Bank of India emphasised the need for fairness in service charges. The central bank said instances had been brought to its attention whereby customers were penalised on flimsy grounds. (BS dt. 8.11.2010 p. 1)

Banks will need nod before investing in non-financial companies: RBI: Bank's investments in non-financial companies will now come under the RBI's scanner. They will have to take prior approval from RBI before floating or investing in non-financial companies. In the second quarter review of the monetary policy, RBI has proposed prudential limits to regulate banks' investments in companies engaged in businesses other than financial services. Moreover, it has suggested that banks will be required to review their investments in such companies and be compliant with the guidelines according to the roadmap to be laid down. RBI noted that banks might indirectly undertake activities not permitted to them or activities that were not conducive to the spread of banking in India or otherwise useful or necessary in public interest. (BS dt. 04.11.2010 Sec II p. 5)

RBI wants lock-in period for FDI in hotels, tourism: The RBI has advised the government to impose strict new riders and set up a monitoring mechanism to prevent a real estate bubble. That, the central bank fears, may be created due to diversion of foreign funds meant for hotels and tourism to acquisition of immovable property, circumventing foreign direct investment rules. (BS dt. 25.10.2010 p. 1)

RBI tightens salary account opening rule (BL 28.10.2010): The RBI has asked banks to ask for one more proof in addition to the certificate issued by employers while opening salaried bank accounts. Banks should insist on at least one of the following: passport, driving licence, PAN card, voter's identity card, or utility bills.

RBI to fine SGL defaulters: (BS dt. 16.7.2010 Sec II p. 5): The RBI has said that it would slap a fine on subsidiary general ledger (SGL) account holders, if they failed to settle transactions in government securities due to insufficient funds and securities. Such defaulters are termed as SGL bouncing. Under graded penalty structure, the defaulting member will pay up to **Rs 5 lakh as fine** per instance. This regime would be effective for the first nine instances in a financial year, RBI said. On the tenth default, the entity will be debarred from using the SGL account for short sales in government securities for the rest of the year.

Government securities through banks: In order to revive retail investors' interest in the government securities market, the RBI has asked banks to examine the feasibility of facilitating buying and selling of these securities via a separate trading platform. According to bankers, the idea of a separate online trading platform, which is connected to banks' core banking system, for retail investors has been mooted so that transactions in govt. Securities can be put through seamlessly. Banks such as ICICI bank, HDFC bank, Axis bank, SBI etc, already have a separate trading platform for online trading of equities

July 23, 2010: Mobile Branches and Mobile ATMS:

- RBI has already given general permission to domestic scheduled commercial banks (other than RRBs) to open branches (without RBI's permission, by simply reporting to RBI) in Tier 3 to Tier 6 centres (with population upto 49,999) and in rural, semi urban and urban centres in North Eastern states & Sikkim.
- Now RBI further liberalized Branch Authorisation Policy to operationalise Mobile Branches in Tier 3 to Tier 6 centres & NE States.
- Scheduled Commercial Banks can operationalise Mobile ATMs at centres /places identified by them, without prior permission from RBI subject to reporting.

June 29,2010: TKA Nair Committee Recommendations (Committee is formed as per recommendations of the Prime Minister's Task Force on Micro, Small and Medium Enterprises, Chairman: TKA Nair):

- While lending to MSE sector, banks are advised to ensure that 60% of MSE advances should go to Micro Enterprises.
- Achieve a 20% year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow.
- Allocation of 60% of the MSE advances to the micro enterprises is to be achieved in stages viz. 50% in the year 2010-11, 55% in the year 2011-12 and 60% in the year 2012-13.
- Achieve a 10% annual growth in number of micro enterprise accounts.
- Each lead bank of a district may adopt at least one MSE cluster.
- Banks should open more MSE focused branches at different MSE clusters who can also act as Counselling Centres for MSEs.

July 22, 2010: Market timings for outright transactions in govt.securities , repo in govt.securities and collateralised borrowing and lending obligation (CBLO): Effective from 02-08-2010, the timings for the outright transactions in Government securities, Repo in Govt. securities and CBLO markets that settle on T+1 basis shall be between 9 am to 5 pm from Monday to Friday.

ECB Policy – Take Out Finance: RBI permitted take out financing arrangement through ECB, under Approval Route, for refinancing of Rupee Loans availed from Domestic Banks by eligible INFRASTRUCTURE Borrowers in the seaport and airport, roads, bridges and power sectors for the development of new projects, subject to certain conditions. It is conditional or unconditional take-out of the loan within 3 years of the scheduled commercial operation date (COD). Loan should have minimum average maturity of 7 years.

Rupee export credit interest rates: Interest subvention of 2% eligible for 2010-11 to 8 export sectors: Handicrafts, Carpets, Handlooms and SMEs, Leather & Leather Manufactures, Jute Manufacturing Including Floor Covering, Engineering Goods, Textiles. After Subvention, interest rate should be AT or ABOVE BASE RATE with floor rate of 7% for new loans sanctioned from 01-07-2010.(For old loans BPLR-4.5% with floor rate of 7%).

Penalty For Bouncing Of SGL Forms: In the event of bouncing of SGL transfer forms and the failure of the account holder concerned to offer satisfactory explanation for such

bouncing, the account holder shall be liable to pay penalties as under (Graded Monetary penalties subject to maximum penalty of Rs.5 lakhs per instance:

- For first 3 defaults in a FY : 10 paise per Rs.100 FV
- Next 3 defaults in same FY: 25 paise per Rs.100 FV
- Next 3 defaults in same FY : 50 paise per Rs.100 FV
- On 10th default in a FY the eligible entities will be debarred from using the SGL a/c. Penalty should be paid within 5 working days.

June 2010: Alteration In Cheques: Basing on recommendations of a working group constituted for examining the need for standardization of cheque forms and enhancement of security features, to give protection to customers as well as to banks : RBI prescribed “Prohibiting Alterations /Corrections on Cheques”.

- Applicable ONLY for cheques cleared under the image based Cheque Truncation System (CTS).
- Collection Banks should ensure, ab initio, that such cheques are not accepted for presentment in CTS.
- NOT applicable for other types of clearing ie MICR, Non MICR, Over the counter collection(for cash payment) or direct collection outside the clearing house arrangement.
- Effective from December 01, 2010.

Agricultural Loans – Waiver Of Margin / Security Requirements: On 18-06-2010, RBI has decided that banks may waive margin/security requirements for agricultural loans from existing level of Rs.50,000/- to Rs.1,00,000/- with immediate effect.

Compromise/Negotiated/OTS OF NPAs: On 21-06-2010 RBI Advised banks that adequate care should be taken to ensure that compromise settlements are done in a fair and transparent manner and in full compliance with RBI guidelines in this matter. The officer / authority sanctioning a compromise / one time settlement should append a certificate stating that the compromise settlements are in conformity with the RBI guidelines.

09-06-2010: KYC/AML under PMLA:

- Whenever there is suspicion of money laundering or terrorist financing or when other factors give rise to a belief that the customer does not in fact pose a Low Risk, banks should carry out full scale Customer Due Diligence before opening an account.
- **Politically Exposed Persons (PEPs):** In the event of an existing customer or beneficial owner of an existing account, subsequently becomes a PEP, banks should obtain a Senior Management approval to continue the business relationship and subject the account to Customer Due Diligence measures applicable to PEPs including enhanced monitoring on an ongoing basis.
- Banks should not open an account on behalf of a client/s by professional intermediaries, like Lawyers or Chartered Accountants, etc who are unable to disclose true identity of the owner of the account / funds due to any professional obligation of customer confidentiality.
- **Shell Banks** (Banks without physical presence in the country of incorporation): Banks should not enter into relationship with shell banks.

May 2010:

- **Foreign Currency For Visits Abroad:** Banks permitted to sell foreign exchange in the form of Foreign Currency notes and coins, upto USD 3000 (enhanced from present level of USD 2000) out of foreign exchange released, or its equivalent to the travelers proceeding to countries other than Iraq, Libya, Iran, Russia.
- **Current Account Transactions – Liberalisation:** Banks may permit drawal of foreign exchange by persons for payment of royalty and lumpsum payment under technical collaboration agreements, without the approval of Ministry of Commerce and Industry, Govt.of India. (Earlier the permission was required for payment exceeding USD 2 million)
- **External Commercial Borrowing (ECB) Policy:** RBI has decided to permit the Infrastructure Financing Companies to avail of ECBs upto 50% of their owned funds under Automatic Route and above 50% under Approval Route. (Present limit of Automatic Route is USD 500 million)
- **Rupee Export Credit Interest Rates:** Interest rates applicable for all tenors of rupee export credit advances will be AT or ABOVE BASE RATE. (Earlier it was BPLR -2.5% for pre shipment credit upto 270 days and post shipment credit upto 180 days)
- **Collateral loans to SMEs:** Banks have been mandated not to accept collateral security in the case of loans upto Rs.10 lakh extended to units in the MSE sector.
- **Export Credit For Agriculture And Allied Activities:** Loans granted by commercial banks for agricultural and allied activities are eligible for classification under Priority Sector, irrespective of whether the borrowing entity is engaged in export or other wise.
- **Levy Of Interest On Clearing Related Overdraft:** Under the Payment and Settlement Systems Act, 2007, RBI has benchmarked the applicable rate of interest for clearing related overdrafts to the RBI Liquidity Adjustment Facility – Repo Rate. Intra Day Overdraft : Repo Rate + 100 basis points. Overnight and beyond: Repo Rate + 300 basis points. The cushion of 100 or 300 basis points is due to the reason: Repo is Collateralised where as Clearing related Overdraft is Non Collateralised.

April 2010:

- **Public Provident Fund Scheme:** When the deposit is made in the PPF account by a local cheque or DD by a subscriber, the date of realization of amount will be the date of deposit. Opening of an account for a minor: Either father or mother can open PPF account on behalf of his /her minor child but NOT both.
- **Issue / Pricing Of Shares By Private Sector Banks:** IPOs: All banks should obtain RBI approval for IPOs. After listing, banks are free to price their subsequent issues. Issue price based on merchant banker's recommendation. No need for reference to the CCI formula. RIGHTS ISSUE / BONUS ISSUE: RBIs approval NOT required by listed / unlisted banks. PREFERENTIAL ISSUE: require prior approval of RBI. QUALIFIED INSTITUTIONAL PLACEMENT: Private Sector Banks need RBIs "in principle" approval.
- **CRR:** Increased from 5.75% to 6% of net demand and time liabilities w.e.f. 24-04-2010.
- **Period Of Remittance Of Govt.Revenues:** T+ 12 working days (Where T is the day when money is available to the branch) is allowed to Public sector banks for manual remittance of Government receipts to CAS, RBI, Nagpur (This is not applicable for NE Region, J&K, remote areas)
- **Securitisation Companies And Reconstruction Companies (SC/RC) :** The period for realization of assets acquired by SC/RCs can be extended from 5 years to 8 years by their Board of Directors. Surplus funds of NABARD/SIDBI can be deployed in SC/RC.

Max.10% of owned funds has been stipulated for the investment of SC/RCs in land and building for their own use. Any asset/security receipt which remain un resolved or not redeemed as at the end of 5/8 years would now be treated as Loss Asset. It is mandatory for SC/RCs to invest in and continue to hold a minimum 5% stake of the outstanding amount of the security receipts issued by them, till redemption of all the security receipts under particular scheme.

- **Investment In Unlisted Non-SLR Securities:** Bank's investment in un-listed Non SLR securities should not exceed 10% of its total investment in Non-SLR securities as on 31st March of previous year.
- **Advances To Infrastructure Sector:** RBI permitted banks to treat annuities under Built-Operate-Transfer (BOT) model in respect of road / highway projects and toll collection rights where there are provisions to compensate the project sponsor if a certain level of traffic is not achieved, as tangible securities subject to condition that bank's right to receive annuities and toll collection rights is legally enforceable and irrevocable. To such loans and also where escrow mechanism is in place, which are classified as sub-standard will attract provisioning of 20% instead of 25% prescribed for unsecured advances.
- **Advances To Micro And Small Enterprises Engaged In Exports:** Loans granted by banks to MSE are eligible for classification under Priority Sector, provided such enterprises satisfy the definition of MSE sector containing in MSMED Act, irrespective of whether the borrowing entity is engaged in export or otherwise.

March 2010: High level committee to review lead bank scheme:

- SLBC meetings may be held regularly at quarterly intervals and should be chaired by CMD of convener bank.
- Quarterly public meeting and grievance redressal: Lead District Manager may convene these meetings at various locations in the district, to generate awareness of the various banking facilities and for grievance redress.
- Bilateral clearing arrangement between banks fall within the ambit of Payment System and require RBI permission. Hence, banks have been advised to immediately discontinue all bilateral clearing arrangements arising out of normal banking transactions.
- **External Commercial Borrowings(ECB) Policy:** Definition of Infrastructure Sector expanded for the purpose of availing ECB, to include "(i) power, (ii) telecommunication, (iii) railways, (iv) roads including bridges, (v) sea port and airport, (vi) industrial parks, (vii) urban infrastructure (water supply, sanitation and sewage projects), (viii) mining, exploration and refining and (ix) cold storage or cold room facility, including for farm level pre-cooling, for preservation or storage of agricultural and allied produce, marine products and meat.
- **KYC Guidelines – Proprietorship Firms:** Any of the following 2 documents be called for customer identification to open account from all new customers (for existing customer it should be completed by December 2010) :Proof of name, address, activity, like registration certificate, sales/income tax returns, CST/VAT certificate, License issued by Institute of CAs or Cost Accountants of India, Institute of Company Secretaries of India, Indian Medical Council, Food and Drug Control Authorities etc.
- **NEFT – Refinement Of Process Flow/Features:** The concept of Return within 2 hours of completion of a batch has been introduced(B+2) . NEFT operating hours have been extended from 9 am to 7 pm on week days and 9 am to 1 pm on Saturdays ie there would be 11 hourly settlements during week days and 5 hourly settlements during Saturdays. Implementation of Positive Confirmation: Immediately after crediting to beneficiary's

account, message will be sent to originating branch, which in turn will confirm to sender(originator) by way of SMS or e mail.

- **Interest Rates On Export Credit In Foreign Currency:** The ceiling rate on export credit in Foreign Currency by banks is reduced to LIBOR /EURO LIBOR /EURIBOR plus 200 basis points. The ceiling interest rate on the lines of credit with overseas banks has also been reduced to 6 months LIBOR/EURO LIBOR/EURIBOR plus 100 basis points.
- **Export And Import Of Currency:** Any person resident in India, may take outside India or bring into India at the time of his return to India (other than from/to Nepal and Bhutan) currency notes of Govt. of India and RBI notes, upto an amount not exceeding Rs.7,500/- per person.
- **Interest Payment On Savings Bank Account On Daily Product Basis:** Interest payment on SB based on daily product basis wef 01-04-2010.
- **Policy For Opening Of Regional Offices By RRBs:** All RRB s will be allowed to open one RO for every 50 branches. RRBs having upto 50 branches will be under direct control of HO without any intermediate tier.
- **Setting Up Of Cash Processing Centres:** Banks to necessarily check / process the notes in the denomination of Rs.100/- and above through machines for fitness and authenticity, conforming to Standards prescribed by RBI, before their issue through ATM/over the counter.

January 2010:

- **EEFC Accounts – Clarification:** All categories of Foreign Exchange Earners are allowed to credit upto 100% of their foreign exchange earnings. SEZ developers can open, hold and maintain EEFC Account and to credit upto 100% of their foreign exchange earnings.
- **Disclosure In Balance Sheet-Bancassurance Business:** Banks should disclose in the “Notes to Accounts” from the year ending March 2010, the details of fees/remuneration received in respect of the bancassurance business undertaken by them.
- **Retail Issue Of Subordinated Debt For Raising Tier II Capital:** All publicity material, application form should clearly state in bold letters how a subordinated bond is different from fixed deposit particularly that it is not covered by deposit insurance. Banks should not use its deposit rates as benchmarks for floating rate instruments.
- **Relaxation In Remittance Of Salary:** A citizen of foreign state, resident in India, being an employee of a foreign company or a citizen of India, employed by a foreign company, outside India may open, hold and maintain a foreign currency account with a bank outside India and receive the whole salary (earlier 75% only) payable to him for the services rendered to the office /branch/ subsidiary/joint venture in India of such foreign company, by credit to such account, provided that income – tax chargeable under the Income-tax Act, 1961 is paid on the entire salary as accrued in India.

Important Notifications of RBI During 2009

1. **SLR Restored TO 25%:** SLR of SCBs was increased from 24% to 25% of their net demand and time liabilities with effect from the fortnight beginning Nov. 7, 2009.
2. **Export Credit Refinance Facility:** Reduced to 15% (from 50%) as per notification dated 27-10- 2009.(Applicable only for Rupee Export Credit)

- 3. Provisioning Coverage Ratio:** Banks were asked to augment their provisioning cushions to ensure that their total Provisioning Coverage Ratio, (PCR) including floating provisions, is not less than 70% by Sept 2010. PCR is the ratio of provisioning to gross NPA and indicates the extent of funds a bank has kept aside for covering loan losses
- 4. Provisioning For Standard Assets:** The Standard asset provisioning requirements for exposures to commercial real estate increased to 1%. The provision for direct advances to Agriculture and SME remained at 0.25%. All other Standard assets attract a provision of 0.40%
- 5. Migration To New CAR Framework (NCAF):** Indian Banks without overseas presence migrated to NCAF (Basel-II) as on 31-03-2009. With this, Banks in India that were eligible for migration, have completed the process of migration.
- 6. Issue Of Preference Shares:** RBI issued guidelines on issue of Perpetual Non-Cumulative Preference Shares (PNCPS) as part of Tier I capital by Banks. The dividend shall NOT be cumulative and can not be paid in subsequent years.
- 7. Norms On Unsecured Advances:** For determining the amount of unsecured advances for reflecting in Schedule 9 of the published balance sheet, the rights, licenses, authorizations, etc., charged to the Banks as collateral in respect of projects (including infrastructure projects) financed by them, should not be reckoned as tangible security. Hence such advances shall be reckoned as unsecured
- 8. Advanced Approaches:**

Approach	The earliest date of making application to the RBI	Likely date of approval by the RBI
Internal Models Approach (IMA) for Market Risk	April 1, 2010	March 31, 2011
The Standardised Approach (TSA) for Operational Risk	April 1, 2010	September 30, 2010
Advanced Measurement Approach (AMA) for Operational Risk	April 1, 2012	March 31, 2014
Internal Ratings-Based (IRB) Approaches for Credit Risk (Foundation as well as Advanced IRB)	April 1, 2012	March 31, 2014

- 9. Branch Authorization Policy Relaxed:** SCBs (other than RRBs) can open branches in Tier 3 to Tier 6 centres without prior permission from RBI. They can also open branches in Rural, Semi-urban and Urban centres in North Eastern States and Sikkim and convert General Branches to Specialized Branches without RBI permission subject to reporting. RBI will permit Banks to open branches in Tier 1 & Tier 2 centres based on a requirement that at least one-third of total of branches opened in a financial year in Tier 3 to Tier 6 centres are in under-banked districts of under-banked States. There is no change in the policy for Foreign Banks.(Centres basing on population : Tier 1:1,00,000 and above. Tier 2 :50,000 to 99,999. Tier 3 :20,000 to 49,999. Tier 4: 10,000 to 19,999. Tier 5: 5,000 to 9,999. Tier 6 : < 5,000.
- 10. Accounts Of Proprietary Concern:** RBI has advised on 23-12-2009 that apart from the documents mentioned in the Master Circular on KYC guidelines, any certificate / registration document issued by Sales Tax / Service Tax / Professional Tax authorities may also be considered for verification of the proof of name, address and activity of the Proprietary Concern.

- 11. Inoperative Accounts:** SB accounts can be treated as inoperative account only after two years from the date of the last credit of the interest on Fixed Deposit account.
- 12. Collateralized Borrowing And Lending Obligations (CBLO):** Liabilities of Scheduled Commercial Banks arising out of transactions in Collateralized Borrowing and Lending Obligations (CBLO) with Clearing Corporation of India Ltd. (CCIL) will be subject to maintenance of CRR w.e.f the fortnight beginning Nov 21, 2009.
- 13. Special Term Repo Facility Discontinued:** Special Term Repo Facility of up to 1.5% of their net demand and time liabilities (NDTL) for scheduled commercial banks for funding mutual funds, non-banking financial companies and housing finance companies, stands withdrawn with effect from October 27, 2009.
- 14. Market Repos:** The eligible category of entities permitted to participate in market repos was extended to unlisted companies who have been issued special securities by the Government of India and having Gilt accounts with SCBs subject to certain conditions.
- 15. SEZs Get Infrastructure Lending Status:** RBI has allowed classifying loans to Special Economic Zones as infrastructure lending.
- 16. Loans Against NRE & FCNR Deposits:** Cap of Rs. 20 lakh enhanced to Rs. 100 lakh on loans against security of funds held in NRE and FCNR (B) deposits either to the depositors or third parties.
- 17. Export Proceeds Realization:** Relaxation of time limit up to 12 months for realization of export proceeds extended up to June 30, 2010.
- 18. Hedging Of Freight Risk:** AD Category - I banks permitted by RBI to approve commodity hedging, are allowed hedging of freight risk by domestic oil-refining companies and shipping companies subject to certain terms and conditions.
- 19. Diamond Dollar Accounts (DDA):** AD Banks (Category-I) delegated powers to permit firms and companies to open and maintain DDA. The maximum number of accounts permitted is five. DDA must be in the name of the exporter and can be maintained in US Dollars only. The account must be in the form of current account and no interest should be paid. No intra-account transfer should be allowed between the DDAs maintained by the account holder. Balances are subject to SLR/CRR requirements. Eligibility Track Record : 2 years. Average annual turnover Rs.3 crores or above during preceding 3 licensing years.
- 20. Exporters With Foreign Currency A/CS:** Exporter firms and companies maintaining foreign currency accounts, excluding EEFC accounts, with Banks in India or abroad, are not eligible to open Diamond Dollar Accounts
- 21. Ceiling Rate On Lines Of Credit:** The ceiling interest rate on the lines of credit with overseas banks was increased to 6-month LIBOR/ EURO LIBOR/ EURIBOR + 150 basis points.
- 22. Old Entries In Nostro Reconciliation Accounts:** In respect of outstanding debit/credit entries of individual value US\$ 2500 and above or equivalent in Nostro accounts, banks were advised to continue to make efforts for reconciliation. Instructions were also issued in respect of outstanding credit entries of individual value less than US\$ 2500 or equivalent in Nostro accounts originated up to March 31, 2002. All un reconciled credit entries outstanding for more than 3 years to be transferred to blocked accounts and shown as outstanding liabilities which will be reckoned for purpose of SLR/CRR. Make 100 % provision in respect of all un reconciled Debit entries in Nostro accounts which are outstanding for more than TWO years.
- 23. Interest Subvention Extended:** Interest subvention of 2 % to all SCBs in respect of Rupee Export Credit to the specified categories of exporters, granted by the Reserve Bank earlier, was further extended till March 31, 2010. Readymade Garments are included in Textiles, for the purpose of interest subvention.

- 24. On-Line GR Forms:** RBI started providing GR forms on-line, for downloading from its website.
- 25. Export Credit In Foreign Currency:** The ceiling rate on export credit in foreign currency was raised from LIBOR + 100 basis points to LIBOR + 350 basis points, on February 5, 2009, subject to the condition that the banks would not levy any other charges.
- 26. Import Of Services:** The limit for advance remittance for Import of Services without bank guarantee, increased from USD 1,00,000 to USD 5,00,000 or its equivalent (not applicable to Public Sector Company or a Department / Undertaking of the Government of India / State Government).
- 27. Guarantee Favoring Non-Resident Service Provider:** Banks are now permitted to issue guarantee for amount not exceeding USD 5,00,000 or its equivalent in favor of a non-resident service provider, on behalf of a resident customer who is a service importer, subject to conditions
- 28. ECB Policy Modified:** RBI has reintroduced the All-in-cost ceiling concept for proposals under the Approval route with effect from Jan 1, 2010 and also extended permission to Corporates engaged in the development of integrated townships, to avail ECB, under the approval route until December 31, 2010. The facility of Buy back of own FCCBs (Foreign Currency Convertible Bonds), both under the automatic route and approval route, available to corporate entities has been withdrawn from Jan 1, 2010
- 29. ECB - Service Sector:** Corporates in the Hotels, Hospitals and Software sectors permitted to avail of ECB up to US\$ 100 million per financial year, under the Automatic Route (earlier Approval route), for foreign currency and / or Rupee capital expenditure for permissible end-use. The proceeds should not be used for acquisition of land.
- 30. Foreign Exchange Swap Facility:** The Foreign Exchange Swap facility offered to Scheduled Commercial Banks was extended till March 31, 2010.
- 31. Asian Clearing Union:** From January 01, 2009, participants in the Asian Clearing Union have the option to settle their transactions either in ACU Dollar or in ACU Euro. Accordingly, the Asian Monetary Unit (AMU) has been denominated as 'ACU Dollar' and 'ACU Euro' which shall be equivalent in value to one US Dollar and one Euro, respectively.
- 32. SLBC To Address Exporters' Problems:** SLBC convener Banks were advised to set up the Sub-Committee to discuss exporters' problems in relation to export finance and other bank-related issues at the State level and hold meetings at prescribed intervals for this purpose.
- 33. Gold Card For Exportes:** The stipulation that Exporters having overdue export bills in excess of 10% of the previous year's turnover are not eligible for Gold card (if otherwise eligible) has been waived for one year i.e. from April 1, 2009 to March 31, 2010, keeping in view the global economic slowdown.
- 34. Financial Inclusion:** Banks advised to use variety of channels including satellite offices, mobile offices, business correspondents, etc and conduct awareness drives so that the 'no frills' account holders are made aware of the facilities offered.
- 35. Interest On Savings Accounts:** All SCBs were advised to calculate the payment of interest on savings bank accounts on a daily product basis w.e.f. April 1, 2010.
- 36. Business Correspondents:** Maximum distance criterion for the operation of a BC for rural, semi-urban and urban areas increased from the present 15 kms to 30 kms.
- 37. Financial Literacy And Credit Counseling:** RBI releases Model Scheme for "Financial Literacy and Credit Counseling Centres".
- 38. Indo-Nepal Remittance Scheme:** In view of low usage of Indo-Nepal remittances scheme through NEFT system, RBI lowered the service charges to encourage such

transfers. Originating Bank – Maximum Rs.5/- per transaction. SBI: Rs.20/- per transaction (SBI & Nepal State bank would share Rs.10/- each). If beneficiary does not maintain a/c with Nepal State Bank, additional charges of Rs.50/- for remittance upto Rs.5000/- and Rs.75/- for above Rs.5,000/- remittance.

- 39. Credit Cards:** Various risk mitigation measures regarding credit / debit card transactions were put in place. Banks asked to develop, w.e.f. August 1, 2009: (i) a system of providing for additional authentication / validation based on information not visible on the cards for all on-line card transactions, (ii) online alerts to the cardholder for all 'card not present' transactions of the value of Rs.5,000 and above.
- 40. RTGS:** Bank customers receiving RTGS credit should be provided with the name of the remitter in his account statement / pass book and similarly a bank customer sending a RTGS remittance should be provided with the name of the beneficiary in his account statements / pass book.
- 41. RTGS Timings w.e.f.18-12-2009:** Customer Transactions : Monday to Friday – 9-00 hours to 16-30 hours, Saturday – 9-00 hours to 13-30 hours. Inter Bank Transactions: Monday to Friday – 9-00 hours to 18-00 hours, Saturday: 9-00 hours to 15-00 hours.
- 42. ATMs To Be Disable Friendly:** Guidelines were issued to all SCBs (excluding RRBs) to facilitate access of bank branches / ATMs to persons with disabilities.
- 43. Transactions Involving Intermediaries:** RBI issued directions for opening and operation of accounts and settlement of payments for electronic payment transactions involving intermediaries.
- 44. Off-Site ATMS:** SCBs were permitted to install off-site ATMs at centres / places identified by them, without having to take permission from the RBI in each case subject to certain conditions.
- 45. Cash Drawing Facility At Point Of Sales:** To enhance the customer convenience in using the plastic money, RBI permitted cash withdrawals at POS terminals with debit cards, up to Rs.1,000/- per day.
- 46. Interest On Frozen Accounts:** Banks must obtain a request letter from the customer for renewal of frozen accounts indicating the period of renewal. If the depositor does not exercise his option of choosing the term for renewal, they may renew the same for a term equal to the original term.
- 47. Redressal Of Complaints:** All SCBs must display the names and details of the officials who can be contacted for redressal of complaints at the branches apart from those of the Nodal officer under the Ombudsman scheme
- 48. ATM Failures:** Banks must reimburse to the customers, the amount wrongfully debited on account of failed ATM transactions within a maximum period of 12 days, from the date of receipt of customer complaint. Failure to re-credit the customer account within the stipulated time frame would attract a compensation of Rs.100 per day to the aggrieved customer.
- 49. Mobile Banking Transactions:** a) Transaction limit enhanced to a daily cap of Rs 50,000/- per customer for both funds transfer and purchase of goods / services. (Earlier Rs.5000 for Funds transfer and Rs.10,000 for purchases b) Transactions up to Rs 1,000/- can be facilitated by banks without end-to-end encryption. The risk aspects involved in such transactions may be addressed by the banks through adequate security measures. Remittance of funds for disbursement in cash through ATM or Banking Correspondent, permitted up to maximum Rs.5000/- per transaction and Rs 25,000/- per month, per customer.
- 50. Nomination:** Banks asked to indicate the name of the Nominee in Pass Books / FDRs. Since this would be helpful to the customers / nominees, Banks were advised that in addition to the legend "Nomination Registered", they should also indicate the name of the

Nominee in the Pass Books / Statement of A/cs / FDRs, if the customer is agreeable to the same.

- 51. ATM Complaints:** RBI has advised Banks that information should be displayed prominently at the ATM locations that complaints must be lodged at the branches where customers maintain a/c to which ATM card is linked and also the Telephone numbers of help desk / contact persons of the ATM owning Bank to lodge complaint / seek assistance.
- 52. Note Counting / Fitness Checking Machines:** Bank notes in denominations of Rs. 100/- and above may be re-issued by banks over their counters or through ATMs only if these banknotes are duly checked for authenticity / genuineness and fitness by machines. Use of such machines in all branches having average daily cash receipts of Rs.1 crore and above by March 2010 made mandatory; Use of machines in branches with average daily cash receipts between Rs. 50 lakh and Rs. 1 crore should be introduced by March 2011.
- 53. NEFT - Contact Details Of Customer:** The Service Centre of a NEFT member bank is required to set up a Customer Facilitation Centre (CFC) for prompt resolution of complaints received from customers. Directory of the CFC of member banks is now available on RBI website, allowing users to directly contact the CFCs for redressal of NEFT complaints. Banks must also place the directory on their respective websites.
- 54. Nodal Officer For Currency Chests:** Banks maintaining currency chests must entrust the responsibility of currency management to a functionary not less than the level of General Manager, who will be the nodal point of contact for RBI and will be accountable for the obligations cast upon currency chests by RBI.
- 55. RTGS Credits To NRI Accounts:** RBI advised that the onus of ensuring that credits to NRE a/cs comply with the extant FEMA Regulations and the Wire Transfer Guidelines rests with the originating institution / sponsor bank.
- 56. Account Payee Cheques:** RBI has reiterated that banks are prohibited from crediting 'Account payee' cheques to the account of any person other than the payee named therein. Some banks are collecting third party account payee cheques on behalf of Co-operative Credit Societies who are their constituents. Such practice of collection of account payee cheques through third party accounts (co-operative credit societies) is not permissible.
- 57. Prepaid Instruments:** RBI issued guidelines on Pre-paid instruments. All Banks to approach RBI for approvals. Entities issuing mobile phone based semi-closed payment instruments should specifically note to ensure full compliance to the safeguards against money laundering (KYC/AML/CFT) provisions. Maximum value of instruments cannot exceed Rs. 5000/-. This facility must be enabled only to facilitate purchase of goods and services. Person-to-person transfer of value must not be permitted.
- 58. Internal Capital Adequacy Assessment Process (ICAAP):** Banks must submit their ICAAP document to RBI latest by the end of first quarter (April- June) of the relevant financial year.
- 59. Subordinated Debt:** Banks can now issue subordinated debt as Tier II capital with Call and Step-up options (these options were not permitted earlier).
- 60. Stand-Alone Primary Dealers:** The minimum Net Owned Funds (NOF) for stand-alone PDs increased from Rs. 50cr to Rs. 150cr. The revised NOF requirement for the stand-alone PDs, which intend to undertake other permissible activities, is enhanced to Rs.250 crore from the existing level of Rs. 100 crore. The enhanced level of NOF requirement for PDs is effective from April 1, 2010.
- 61. Indian Depository Receipts:** Eligible companies resident outside India may issue Indian Depository Receipts (IDRs) through a Domestic Depository subject to compliance with the Companies (Issue of Depository Receipts) Rules, 2004 and sectoral regulators.

- 62. High Court Observation On Housing Loans:** Keeping in view the pronouncement of Bombay High Court, RBI advised Banks that while granting finance to specific housing / development projects, banks are advised to stipulate as a part of the terms and conditions that the builder would disclose in the Pamphlets / Brochures, Newspaper etc., the name(s) of the bank(s) to which the property is mortgaged. The builder must also indicate that they would provide 'No Objection Certificate' (NOC) / permission of the mortgagee bank for sale of flats / property, if required.
- 63. SGSY – Secondary Collateral Security:** Exemption limit of secondary collateral security under SGSY enhanced to Rs.1,00,000, from the existing Rs. 50,000/-, in respect of individual loans and to Rs.10,00,000, from Rs.5,00,000, in respect of group loans.
- 64. RBI Includes More Service Activities Under Priority Sector:** Loans granted by banks in respect of activities indicated by RBI in its new guidelines should be included under Micro and Small (Service) Enterprises within the priority sector (subject to investment norms). The list includes Consultancy Services, including Management Services, Composite Broker Services in Risk & Insurance Management and 12 other such services.
- 65. Small Service Enterprises:** There will be no separate category for "Retail Trade" under priority sector. Loans granted by banks for Retail Trade [i.e. advances granted to retail traders dealing in essential commodities (fair price shops), consumer co-operative stores; and advances granted to private retail traders with credit limits not exceeding Rs. 20 lakh would henceforth be part of the Small (Service) Enterprises.(RBI notification dated 18-09-2009)
- 66. Accounts Involving Intermediaries:** RBI issued guidelines for transactions and accounts using intermediaries such as aggregators and payment gateway service providers.
- 67. Foreign Currency Account By Diplomatic Missions - Credit Of Visa Fees :**RBI has decided to permit diplomatic missions to credit the visa fees collected in India in Indian rupees by way of transfer from the rupee account to the accounts maintained in foreign currency by the diplomatic missions, in addition to proceeds of inward remittances received from outside India through normal Banking channels.
- 68. Bank Guarantees:** Banks can issue guarantees for periods longer than 10 years, subject to ALM impact study.
- 69. Guarantees On Behalf Of Corporate Entities:** Present RBI guidelines apply only to loans and not to issue of bonds or debt instruments.
- 70. Sick SME Rehabilitation:** Based on the recommendations of the Working Group on Rehabilitation of Sick SME's (Chairman: Dr. K. C. Chakrabarty), banks were advised to undertake a review and put in place the policies relating to extension of credit facilities, restructuring / rehabilitation policy for revival of potentially viable sick units/enterprises, the MSE sector and non-discretionary OTS scheme for recovery of non-performing loans, with due approval by the Board of Directors.
- 71. Multi - Protocol Label Switching (MPLS):** RBI migrated to MPLS for the network-based communication facilities for applications such as the NDS, RTGS, and CFMS. Banks were also advised to migrate to the MPLS system on a time-bound basis.
- 72. RTGS:** All RTGS participants were advised to desist from the practice of pushing customer transactions in the inter-bank mode and strictly adhere to the RTGS procedural guidelines.
- 73. Inter-Changing Of Investments:** Banks may shift investments from permanent category to current category and vice versa with the approval of their Board of Directors only once a year, normally at the beginning of the accounting year. No further shifting will be allowed during the remaining part of that accounting year.
- 74. Exposures To Central Counter-Parties:** Exposures to CCPs on account of derivatives trading and securities financing transactions (e.g. CBLOs, repos) outstanding against

them will be assigned zero exposure value for counterparty credit risk. The deposits/collaterals kept by banks with the CCPs will attract risk weights appropriate to the nature of the CCP. In the case of CCIL, the risk weight will be 20% and for other CCPs, it will be according to the ratings assigned to these entities as per the New Capital Adequacy Framework.

- 75. Frauds-Closure:** SCBs were allowed, for limited statistical/reporting purposes, to close those fraud cases involving amounts up to Rs.25 lakh, where: (a) the investigation is on or challan / charge sheet not filed in the Court for more than three years from the date of filing of First Information Report (FIR) by the CBI/police; or (b) the trial in the courts, after filing of charge sheet / challan by CBI/police, has not started, or is in progress subject to certain conditions
- 76. Frauds-Coordination Amongst Banks:** SCBs were advised to have a consolidated view of frauds committed by a borrower on different banks so as to ascertain the quantum of frauds, loss caused by the frauds, perceived ramifications thereof, etc. Banks which have financed a borrower under 'multiple banking' arrangement, should take co-ordinated action based on commonly agreed strategy for legal / criminal actions, follow up for recovery, exchange of details on modus operandi, achieving consistency in data/information on frauds reported to RBI etc.
- 77. Multiple Banking Arrangements:** RBI asked Banks to exchange information in standardized format. The information must include details about Foreign Exchange Derivatives availed.
- 78. State Bank Of Saurashtra:** The name of "State Bank of Saurashtra" was excluded from the Second Schedule to the Reserve Bank of India Act, 1934 by notification, upon its merger with SBI.
- 79. Other Farmers:** GOI decided to make the accounts of "other farmers" eligible for a debt relief of 25%, even if they pay their entire share of 75% in a single installment, provided the same is deposited by June 30, 2009. The Banks must not charge any interest on the eligible amount till June 30, 2009.
- 80. Agriculture Interest Subvention:** Public sector banks to get interest subvention of 1.5% per annum in respect of short-term production credit up to Rs.3 lakh provided to farmers (subject to floor rate of 7%). Additional interest subvention of 2% p.a. will be made available to Public Sector Banks in respect of those prompt paying farmers who repay their short-term production credit within one year of disbursement of such loans. Banks to claim interest subvention from Govt. half yearly ie Sept 10, March 2011 for Kharif and June 2011 (for Rabi) within one month from due date. March, June claims to accompany Auditor's certificates.
- 81. SRMS - Rehabilitation Of Manual Scavengers:** RBI has advised Banks to ensure completion of implementation of the SRMS by Dec 31, 2009 and the spillover in inevitable cases by March 31, 2010, in a time bound manner.
- 82. SJSRY Revamped:** SJSRY Scheme has been comprehensively revamped. The main objectives of the new SJSRY scheme are:
 - i. Addressing urban poverty through gainful employment to the urban unemployed or underemployed poor by encouraging them to set up self-employment ventures (individual or group) with support for their sustainability, or undertake wage employment
 - ii. Supporting skill development through training to enable urban poor to undertake self employment and
 - iii. Empowering the community to tackle the issues of urban poverty through suitable self managed community structures.

- 83. Loans To Housing Finance Companies (HFC):** Outstanding loans to HFCs on-lending to individuals for dwelling units will be treated as priority Sector up to 5% of the Bank's total priority sector lending, on ongoing basis, provided the housing loans granted by HFCs do not exceed Rs.20 lakh per dwelling unit per family. The additional condition that if the tenor of loan granted by Banks to HFCs is not co-terminus with the on-lending of HFCs, the loan will not be eligible for classification under priority sector.
- 84. Preservation Period Of Records :**RBI has advised banks to maintain for at least ten years from the date of transaction between the bank and the client, all necessary records of transactions both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved, if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity. Further records pertaining to the identification of the customer and his address obtained while opening the account and during the course of business relationship, would continue to be preserved for at least ten years after the business relationship is ended.
- 85. Accounts Of Politically Exposed Persons (PEPS) :**RBI has advised that in the event of an existing customer or the beneficial owner of an existing account, subsequently becoming a PEP, banks should obtain senior management approval to continue the business relationship and subject the account to the Customer Due Diligence measures as applicable to the customers of PEP category including enhanced monitoring on an ongoing basis.
- 86. Agricultural Debt Waiver And Debt Relief Scheme, 2008 – Prudential Norms:** As per the scheme, OTS farmers have to pay their share latest by December 31, 2009. If payments are delayed by farmers beyond 31-12-2009, the outstanding amount in the relevant accounts of such farmers shall be treated as NPA.(RBI notification Sept 09)
- 87. Interbank Participation Certificates (IBPC):** At present, it is applicable to Scheduled Commercial Banks. Now it is extended to RRBs w.e.f.04-08-2009. Now, RRBs can also issue IBPCs of a tenor of 180 days on risk sharing basis to scheduled commercial banks against their Priority Sector advances in excess of 60% of their outstanding advances.
- 88. Access To Own Credit Report:** RBI has advised banks & FIs must provide copy of the credit information report to the borrower at his request, subject to payment of prescribed fee.
- 89. Acquisition Of Financial Assets By Securitization Companies /Reconstruction Companies (SC/RCs) :** RBI Clarified that SC/RCs are neither a "Bank" nor a Financial Institution. Hence, acquisition of financial asset by one SC/RC from another SC/RC will not be in conformity with the provisions of SARFAESI Act, 2002.
- 90.** RBI has extended to 7 years (from 5 years) for realization of the assets in respect of the security receipts issued by Securitization Companies / Reconstruction Companies.
- 91.** Excess provisions which arise on sale of NPAs can be admitted as Tier II capital subject to the overall ceiling of 1.25% of total Risk Weighted Assets. Floating provisions could be reckoned as part of Tier II capital within overall ceiling of 1.25% of risk weighted assets.
- 92. CGMSE Coverage:w.e.f.02-01-2009:** Loans upto Rs.5 lacs:85% max.Rs.4.25 lacs. Rs.5 to 50 lacs: 75% (80% for women, NE region), Rs.50 to 100 lacs: 50% of the amount above Rs.50 lacs.(Total max.Rs.62-50lacs other areas, Rs.65 lacs in NE areas/Women)
- 93. Irrevocable Payment Commitments (IPCs) Issued To Various Stock Exchanges At The Request Of Mfs For Their Secondary Market Purchases:** RBI advised that IPCs are in the nature of non-fund based credit facility for purchase of shares and are to be treated at par with guarantees issued for the purpose of capital market operations. Such exposure of banks will, therefore, form part of their Capital Market Exposure. Banks are

also advised that entities such as FIIs are not permitted to avail of fund or non-fund based facilities such as IPCs from banks.

94. **Marketing / distribution of mutual fund / insurance etc., products by banks** :RBI has decided that banks should disclose to their customers, with immediate effect, the details of all the commissions / other fees (in any form) received, if any, from the various mutual fund / insurance / other financial companies for marketing / referring their products.
96. **KYC Norms / (AML) Standards / (CFT) / Money Changing Activities -Suspicious Transaction Reporting Format** : RBI advises all authorized persons to furnish Suspicious Transaction Report (STR) to FIU-IND in respect of their money changing activities within 7 days of arriving at a conclusion that a transaction, including attempted transaction, whether or not made in cash, or a series of transaction integrally connected are of suspicious nature
97. Providing Banking Services in every Village having Population of over 2000 by March 2011: Such banking services may be extended through any of the various forms of ICT-based models, including through BCs.
98. Banks have been advised to contribute an aggregate amount of Rs.2000 crore to the Micro, Small & Medium Enterprises (MSME) (Refinance) Fund with SIDBI in advance on the basis of the banks' projected shortfall in achievement of sub-target of 10 per cent for lending to Weaker Section category as on the last reporting Friday of March 2009.
99. As per KYC guidelines For encashment in excess of US \$ 2000 or its equivalent, the photocopies of the identification document should be maintained for a minimum period of five years

Negotiable Instruments Act 1881.

- Applicable to whole India including Jammu & Kashmir
- Negotiable Instruments recognized as per NI Act, sec 13: Promissory notes, Bill of exchange and cheques. Bank Drafts, Certificate of Deposit and Commercial Papers are also treated as Negotiable instruments.
- **Holder:** Sec 8 of NI Act: A person entitled in his own name the possession thereof and to receive the amount due thereon from parties thereto.
- **Holder in due course:** who receives the negotiable instruments for value and in good faith
- If neither Bearer nor Order is written on negotiable instrument, it is treated as payable to ORDER.
- If both are written ie Bearer and Order and none is struck, then it is payable to BEARER
- As per Section 31 of RBI Act, 1934, no person other than Central Government or Reserve Bank of India or any other person authorized in this behalf, can issue bearer promissory notes and demand bills of exchange payable to bearer.
- Section 20 of NI Act: **Inchoate Instrument:** An instrument on which date, payee or amount is not mentioned, it is inchoate instrument. It can be completed by the holder and the completion is not treated as material alteration.
- An instrument without signature is not treated as an instrument at all.

- Ambiguous instrument: An instrument which can be treated as bill of exchange or Promissory note. Holder can treat it as BoE or PN
- Bearer instrument is negotiated by mere delivery
- Order instrument is negotiated by endorsement followed by delivery
- An instrument which is endorsed by deceased person. Legal heirs can not complete negotiation by delivery.
- **Sec 15 of NI Act:** Endorsement: Signing of an instrument on the back or face thereof or on a slip or paper annexed thereto for the purpose of negotiation is called endorsement.
- Blank endorsement: It makes an instrument drawn originally payable to Order to Bearer.
- An endorsement in which the endorser himself becomes endorsee is called as back to back endorsement. In this case, the endorsee can recover the amount only from parties prior to his own endorsement.
- When a drawer of a cheque himself becomes endorsee, it is called Negotiation Back. This cheque is treated as Satisfied.
- Endorsement can be made only for full amount. But in case part payment has been received and a note to that effect is made on the instrument, then the same can be endorsed for the balance amount.
- **Sec 85 of NI Act:** PROTECTION TOPAYING BANKER: Paying Banker is concerned about regularity of endorsement and not its genuineness.
- **Sec 10 of NI Act:** PAYMENT IN DUE COURSE: Payment in accordance with apparent tenor of the instrument, with good faith and without negligence.

Payment Of A Cheque:

- Form of cheque has not been given in the Act
- **Different Ink:** A cheque can be drawn in different inks, different handwritings or different scripts. It can be paid
- The cheque should be written in Hindi or English or Regional language
- Date: A cheque dated prior to its date of its presentation is called ante dated cheque and can be paid with in 6 months from the date of issue.
- Post dated cheque means a cheque which is dated subsequently to the date of presentation.
- Both ante dated and posted dated are valid as per Law. A post dated cheque can be passed only on the date written on it or within six months thereafter.
- A cheque becomes stale after 6 months of its issue
- A drawer of a cheque may reduce the validity of the cheque for less than 6 months. Such cheque should not be paid after that validity period.
- The drawer can revalidate the cheque any number of times.
- A cheque with impossible date like 31-06-2010 should be paid on the last day of the month or within six months of the last day of the month.
- A cheque dated prior to the date of opening the account or prior to issue of cheque book can be paid if other wise is in order.
- Sec 18 of NI Act: If the Amount in words and figures differs, the amount written in words will be the amount intended to be payable. Amount in words can be paid.
- If the balance available in the account is just equal to the amount of cheque, the cheque can be paid.
- If number of cheques are presented at the same time and the balance is not sufficient to pay all the cheques, then normally priority is given to cheques favouring revenue authorities, then cheques favouring public authorities. If balance is left, maximum

number of cheques should be paid taking care that cheque of very small amount is not dishonoured.

- **Sec 65 of NI Act:** Banking Hours: The payment of a cheque should be made only during banking hours. Otherwise, it will not be a payment in due course. Reasonable amount can be paid to DRAWER even after business hours
- If there is any mutilation of the cheque, it should be confirmed by the drawer.
- **Material Alteration:** Any change in date, amount or name of payee is called material alteration. The change from Order to Bearer, Cancellation of Crossing or converting Special Crossing into general crossing is also called as material alteration.
- Bearer to Order, Crossing a cheque, Converting general crossing to special crossing is not material alteration.
- If any material alteration on a cheque, it can be paid only after confirmation from drawer i.e. drawer has to authenticate material alteration with full signature.
- **Sec 89 of NI Act:** Paying banker gets protection in case of payment of materially altered cheque if the alteration is not apparent at the time of payment and payment has been made in due course.
- **If The Payee Is Fictitious Person:** Cheque can be paid to bearer if it is payable to bearer. If cheque is payable to order, it can be paid only to drawer.
- **Bearer Or Order:** If cheque is payable to Bearer or Order, it can be paid to bearer. If neither bearer nor order is written, it is payable to order.
- If there is Forgery In Signatures, such instrument is null and void. Paying banker will not get protection if it pays such a cheque even though the drawer might have been careless in custody of the cheque book or bank might have sent statement of account and customer did not point out the mistake.
- If the cheque has been signed by the drawer himself but in a different fashion, the banker will not be liable.

Crossing

- Sec 123 of NI Act: If a cheque or draft bears across its face addition of two parallel transverse lines with or without addition of words “and Company” or any abbreviation thereof, it is called General Crossing.
- General Crossing is direction to PAYING BANKER to pay the cheque or draft through some bank.
- Even if the name of a city is written between two parallel lines like “Delhi”, it will continue to be a general crossing and the cheque can be paid to any bank.
- Sec 124 of NI Act: When a cheque or Draft bears the name of bank across its face with or without two parallel transverse lines either with or without the words “Not Negotiable” it is said to be specially crossed.
- A cheque with special crossing can be paid only to the named bank or his authorized agent for collection
- The special crossing is in favour of a Bank and not in particular of Branch.
- The act does not restrict the payment of a Crossed Cheque to the banker in cash.
- For special crossing, it is not necessary that the cheque should bear two parallel lines.
- Provisions to crossing are applicable only to cheques and drafts and not to Promissory Note and Bill of Exchange.
- Sec 127 of NI Act: A cheque crossed to two banks has to be returned unpaid unless crossed by one bank to another as his agent for collection.

- Account Payee crossing is not recognized by law but is a long standing practice among bankers.
- Account Payee Crossing is direction to COLLECTING BANKER. Cheque should be credited to named payee.
- Not Negotiable Crossing takes away an important characteristic of negotiability. It can be transferred, but the transferee does not get better title.(Sec 130)
- Cancellation of crossing can be drawer only under his full signatures by writing the words crossing cancelled. In such cases, payment can be made in cash to a person known to the Bank.
- Sec 128 of NI Act: Paying banker will get protection in respect of crossed cheques or drafts provided the instrument has been paid in accordance with the requirement of the crossing and payment has been made in due course.
- Sec 129 of NI Act: If a banker pays a cheque in violation of the crossing direction, it shall be liable to true owner of the cheque for any loss he may sustain owing to payment of the cheques.
- Sec 131: Protection to collecting banker, against the risk of **Conversion**. Conversion is illegal interference with rights of true owner of instrument inconsistent with his rights of ownership. Such protection is available to banker: when cheque/draft is crossed before it is lodged with bank for collection, the bank receives payment for his customer, the bank acts as agent for collection and not as holder for value and it receives payment in good faith and without negligence.

Dishonor of cheques due to insufficient funds:

- Recommended by Rajamanar Committee. Wef 01-04-1989.
- Sec 138 of NI Act: If a cheque drawn by a person on an account maintained by him with a banker for payment of any amount of money to another person for the discharge, in whole or in part of any debt or other liability, is returned by the bank unpaid, either with the reason funds insufficient or similar reason, such person shall be deemed to have committed an offence.
- Maximum punishment: 2 years imprisonment or twice the amount of cheque or both.
- As per Supreme Court judgement, cheques dishonoured on account of the payment being stopped by the drawer or account being closed will attract penalty under Sec 138.
- Conditions are to be satisfied for applying sec 138: A) cheque has been presented to the banker within a period of 6 months from the date on which it is drawn or within the period of its validity whichever is earlier. B) cheque has been received for consideration. C) The payee or holder in due course of the cheque makes a demand for the payment of the said amount of money by giving notice, in writing to the drawer, of the cheque, within 30 days of the receipt of information by him from the bank regarding return of cheque. D) The drawer of cheque fails to make the payment of the said amount, to the holder in due course of the cheque, within 15 days of the receipt of the said notice.
- Sec 141 of NI Act: In case of a company, every person, who at the time of offence was committed, was in charge of and was responsible to the company for the conduct of business of the company as well as the company shall be deemed to be guilty of offence. Nominee Directors shall not be responsible.
- Complaint should be made in the court of a metropolitan magistrate or a Judicial magistrate of first class or above within one month of the date of cause of action, ie payment not made within 15 days.
- Bank's cheque returning memo having official mark of the bank shall be presumed to be proof of dishonor of cheque.

Bill of exchange:

- A Documentary bill is one which is accompanied by any document of title to goods like LR, RR , Bill of Lading etc.
- Accommodation Bill means a bill issued without consideration. Dealing in such bill is called as Kite Flying.
- If in a bill of exchange or promissory note, interest rate is not mentioned, it will be 18% p.a.
- To accept bill, drawee is allowed 48 hours excluding public holidays to accept the bill.
- If a usance bill is payable after date, its due date is calculated from the date of bill and if it is payable after sight, its due date is calculated from the date of acceptance.
- Sec 22 of NI Act: 3 days grace period is allowed in the case of Usance Bills. If the due date is fixed on a particular day, no grace period.
- Sec 25 of NI Act: If a bill matures for payment on public holiday, it falls due on immediate next preceeding business day.
- If the drawee does not accept the bill within stipulated period, it is treated as dishonoured by non acceptance. If is not paid on due date, it is dishonor by non payment.
- If the dishonor is got certified from Notary Public, such certificate is called a Protest.(sec 100 of NI Act). For foreign bills, noting & protesting is compulsory.
- If a Bill is dishonoured by Non Acceptance, the holder can recover the amount from all prior parties except drawee. In this case, the drawer will be Principal Debtor.
- If the bill is dishonoured due non payment (after acceptance), the holder can recover amount from all prior parties including the acceptor of the bill. In this case, acceptor will be Principal Debtor.
- Demand Bill need not be stamped.
- Usance Bills: Usance period upto 3 months, no stamp duty is levied if the bill is for genuine trade transaction and bank is a party to the bill.

Negotiable Instruments Act 1881

Section 85A : Demand Draft: An order to pay money, drawn by one office of a bank upon another office of the same bank for a sum of money payable to order on demand.

Following instruments are LEGALLY RECOGNIZED AS NEGOTIABLE INSTRUMENTS as per Customs and Usages of the trade:

<ul style="list-style-type: none"> ➤ PayOrder or Banker's Cheque ➤ Government Promissory Note ➤ Certificate of Deposit ➤ Commercial Paper ➤ Treasury Bills ➤ Hundi ➤ Bill of Lading ➤ Railway Receipts 	<ul style="list-style-type: none"> ➤ Dock Warrant ➤ Warehouse Receipt (Wharfinger certificate) ➤ Delivery Order ➤ GRs issued by transport operators approved by IBA. ➤ Lorry Receipts approved by IBA are negotiable instruments.
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- **Airway Bill** is neither a document to title to goods nor recognized as negotiable instrument.
- In case of promissory notes payable in instalments, on default in payment in one instalment, entire amount becomes payable.

- Certificate of Deposits and Commercial Papers are also been recognized as usance promissory notes.

Calculation of Due date:

Sec 22 of NI Act: 3 days grace to be added. If due date is mentioned, no grace period.

In case of **Usance Promissory** notes, 3 days of grace are to be added. In case of CD, CP no grace period and the date mentioned in instrument is due date.

Calculation of due date: From 15th January, one month: 15 + 3 days of grace, ie 18th February.

If 3 days from Jan 31: Feb last + 3 days ie 3rd March.

If the bills drawn in days, then while calculating the due date, 1st day is to be excluded and last day to be included.

Eg: 45 days from 10th Jan: Ü Days of January after 10th :21

Days of February :24 days Ü Total 45 days. Adding 3 days of grace for Feb 24, ;due date is 27th February. If maturity day is Sunday or Holiday, it will become payable on next Preceding business day.

Electronic Cheque: A cheque which contains the extract mirror image of a paper cheque, with the use of digital signatures.

Endorsement by Minor: A minor can endorse under section 26 of NI Act, but he will not be liable as an endorser.

Reserve Bank of India Act, 1934:

w.e.f 01-04-1935.

- Established as per recommendations of Hilton Young Commission
- Sec 31 of RBI Act: Prohibits drawing, accepting, making or issue of any bill of exchange, hundi, promissory note payable to Bearer on demand, except by Central Government or RBI.
- Sec 33 of RBI Act: Assets of issue department of RBI shall consist of gold coin, gold bullion, foreign securities, rupee coins and rupee securities. The aggregate value of gold coin, gold bullion and foreign securities held shall not any time be less than Rs.200 crore of which gold coin and gold bullion not less than Rs.115 crores.
- Sec 42 of RBI Act: CRR: Banks are required to maintain certain percentage of Net Demand and Time Liabilities as CASH with RBI.
- No Floor or Ceiling rate for CRR wef 01-04-2007. RBI will fix CRR rate. At present : 6%
- RBI will not pay any interest to Banks on CRR balances wef 31-03-2007.
- Banks are required to maintain minimum CRR balances upto 70% of total CRR requirement on all days of the fortnight. If it is not maintained, penal interest @3% above bank rate for first day and second day onwards, Bank rate plus 5%.

Banking Regulation Act, 1949:

w.e.f 16-03-1949

- Not applicable for Co Op Banks, Land Mortgage Banks, Non Agricultural Primary credit societies.
- Sec 8 of BR Act Prohibits banks doing trading activities except in connection with realization of security given to or held by it.
- Sec 9 of BR Act: Bank can not hold any immovable property howsoever acquired except for own use, for a period exceeding 7 years from acquisition thereof. It can be extended by RBI by another 5 years.
- Sec 13: Payment of exchange, brokerage on shares: Max.2.5% of paid up value of shares.
- Sec 17 of BR Act: Banking Company is required to transfer to Reserve Fund, 25% of profits before declaring dividend.
- Section 19(1) : Forming subsidiary by Bank
- Sec 19(2) of BR Act: No Banking Company can hold shares in another company whether as pledge, mortgagee or absolute owner of an amount exceeding 30% of the paid up share capital of that company or 30% of its own paid up share capital and reserves, whichever is less.
- Sec 20 of BR Act: NO Banking company shall grant loans or advances on the security of its own shares as it tantamount to reduction of capital.
- Sec 21A: Rate of Interest charged by Banks are not subject to scrutiny of courts.
- Sec 22 of BR Act: Obtaining a licence from RBI by a banking company
- Sec 24: SLR: Maximum 40%. No Minimum prescribed now (earlier 25%). RBI fixes SLR rate periodically. Now it is 25% of NDTL.
- SLR can be kept in the form of Cash or in gold valued at a price not exceeding the current market price, or in unencumbered approved securities valued at a price specified by RBI from time to time.
- Following are excluded from DTL: Paid up capital & Reserves, surplus balance in P & L a/c, Refinance from RBI, Exim Bank, NABARD,NHB, SIDBI etc., Provision for Income Tax in excess of estimates, DICGC & ECGC claims received & not adjusted. Amount received from insurance companies pending judgment in courts, Amount received from court receiver. Inter bank liabilities with maturity from 15 days to 1 year. DTL in Offshore Banking Units.
- As per Recent RBI instructions, Transactions in Collateralised Borrowing and lending Obligation (CBLO) with Clearing Corporation of India Ltd (CCIL) attracts SLR and CRR requirement. Now these liabilities are included for calculation of DTL for CRR, SLR purpose.
- Sec 26 of BR Act: Return on Unclaimed Deposits ie not operated for last 10 years, as on 31st December every year. Banks to submit to RBI within One Month.
- Sec 35 of BR Act: Banking Ombudsman, Clean Note Policy, KYC guidelines and other customer service related matters.
- Sec 45Y of BR Act: Preservation of Records.
- Sec 45Z: Return of Paid Instruments to customers after a true copy of all relevant parts of such instruments and by taking undertaking letter from the party to preserve the instrument for 8 years.
- Sec 45ZA to ZF: Nomination in Deposits, Safe Custody and Locker Accounts.
- Sec 49A of BR Act: Restriction on acceptance of deposits withdraw able by cheque by any one other than a Banking Company.

Banker Customer Relationship

Transaction	Bank	Customer
Deposit in the Bank	Debtor	Creditor
Loan from the Bank	Creditor	Debtor
Purchase of Draft	Debtor	Creditor
Payee of Draft	Trustee	Beneficiary
Safe Deposit Locker	Lessor	Lessee
Safe Custody	Bailee	Bailor
Money deposited without any instructions	Trustee	Beneficiary
Collection of cheque and standing instruction	Agent	Principal
Pledge	Pawnee (Pledgee)	Pawner (Pledger)
Mortgage	Mortgagee	Mortgagor
Assignment	Assignee	Assignor
Sale/purchase of securities on behalf of customer	Agent	Principal

Minors:

- Not attained the age of 18 years. (Indian Majority Act 1875 Sec 3)
- Sec 11 of Indian Contract Act: Minor is not competent for contract and contract with minor is void ab initio.
- Sec 183 of Indian Contract Act: A Minor can not appoint an agent. A Minor can not delegate powers to others. A Minor can be appointed as an agent and bind his principal.
- Sec 26 of NI Act: A minor can draw, endorse or negotiate a cheque or bill but he can not be liable. Other parties to that instrument are liable.
- A Minor can not appoint Nominee. A minor. can be appointed as nominee.
- A Minor can not become a partner but can be admitted to benefits of partnership firm. On attaining majority, within 6 months, he has to exercise his option to continue in partnership. If he is silent, he is liable ab initio. A minor can not stop payment of cheque issued by partnership firm.
- Minor account operated by guardian: On minor attaining majority, we should not pay cheques signed by guardian, though the cheque is dated prior to attaining majority
- Mother as guardian of Minor: Permitted by Supreme Court: Even if father is alive, mother can open and operate all types of deposit accounts of minor.

- A Minor can open and operate accounts on attaining 10 years age and he is literate. Joint accounts of 2 minors can be opened provided both are atleast 10 years age and literates, belonging to same family and operation jointly
- In our Canara Bank, Minors of age 10 years age can now also open self operated account in all our branches. The Bank will be implementing the provision of sending SMS alerts to the parents regarding all transactions in the account, as a precautionary measure. (Cir 424/2010)
- Minor can not delegate authority in self operated accounts.
- In case of Joint accounts with minor and guardian, we can accept either or survivor operation condition. It will be in dormant till minor attains majority and on attaining majority, he can also operate the account.
- A bearer cheque presented for cash payment by minor may be paid as a minor can give a valid discharge in the capacity of Payee.
- When a loan has been raised on a term deposit in the name of major person, his request for addition of the name of minor can not be entertained.
- Minor can not be declared as insolvent
- As per Sec 6 of the Hindu Minority and Guardianship Act, 1956, father is the natural guardian of a Hindu Minor boy or an unmarried girl and after him, the mother.
- In case of married Hindu minor girl, her husband is the natural guardian. If husband is minor or minor girl becomes widow, her father in law and after him the mother in law will be the guardians though they are not natural guardians.
- When a guardian of a Hindu minor ceases to be a Hindu or he becomes a hermit or sanyasi, he ceases to be natural guardian.
- Guardian appointed by father of a minor, is called as Testamentary Guardian and testamentary guardian will come into picture only after death of father.
- As per personal law applicable to Muslims, father is natural guardian. A muslim father can appoint a testamentary guardian and even mother of a muslim child can be testamentary guardian.
- If father dies without leaving behind a will, father's father ie paternal grandfather is the guardian. If father appoints testamentary guardian, testamentary guardian will have priority.
- After death of paternal grandfather, testamentary guardian appointed by paternal grandfather will be guardian. If grandfather not appointed any testamentary guardian and dies, then court will appoint testamentary guardian.
- Declaration given by natural guardian is sufficient proof of date of birth.

Joint accounts:

- Either or Survivor : It means, anyone can operate the account till both are alive. After death of either of them, the bank can pay the balance to the survivor without any formality.
- Payable Jointly: Payable jointly till both are alive, if one or the two expires, the bank would pay balance to survivor along with legal heirs of deceased person.
- Any one of account holders can stop payment of cheque but revocation has to be done by all jointly.
- In case of either or survivor, alteration of cheque can be confirmed by any of the account holders.

- All persons signatures are required for : a) opening the account b) closure of account c)making or alteration of nomination, d) raising loan against term deposit, e) premature payment of term deposit.

Partnership account:

- Maximum number of partners for banking business is 10 and for other business is 20
- NBFC, HUF, Minor, Insolvent, Insane can not become a partner in partnership
- NBFCs are prohibited from contributing capital to any partnership firm or to be partners in partnership firms and in case of existing partnership firms, NBFCs shall seek early retirement from the partnership firms.(Cir 100/2011)
- Each partner is an agent of the firm and also agent for other partners
- Partners are jointly and severally liable for all the acts
- One partner has the power to countermand (stop payment) the cheque given by other partner.
- Dissolution of the firm : Death, insolvency, retirement of a partner– causes dissolution
- If account is having credit balance, the remaining partners can give a valid discharge to the bank.
- If the account is having debit balance, operations should be stopped to decide the liability of the deceased/insolvent/retired partner. Otherwise, the rule in Clayton’s case will apply
- A registered partnership firm can sue others to enforce its rights arising out of contractual obligations.
- An unregistered firm can not sue others in its own name though others can sue it in its name.(sec 69 of Indian partnership Act 1932)
- Any partner including sleeping partner has authority to stop payment of a cheque issued by another partner of the firm. However, revocation of stop order requires signatures of all partners on revocation letter.
- A partner, being agent of partnership firm, can not delegate his authority to an outsider without the written consent of all other partners.

Joint Stock Companies:

Private Limited Company:

- Number of members – maximum 50, min.2
- General public can not contribute to the capital of the company
- Board of Directors: min.2 maximum – no ceiling

Public Limited company:

- Affairs of the Public limited company will be managed by min.3 Directors.
- Companies Limited by Shares: Minimum 7 members. No maximum ceiling.If number of Directors exceeds 12, permission from Central Government is required.

Memorandum of Association:

- Constitution of the Company and it establishes the relationship of the company with the rest of the world. Company can not go beyond the memorandum. It contains: Name of the Company with Ltd as last word, Registered Office address or State in which the registered office of the company is situated,
- Object/objectives of the company
- Authorised Capital/Issued capital of the company
- Limited liability clause.
- Borrowing powers of the company
- For alteration of memorandum, special resolution with 3/4th majority in general body meeting will be passed and approval from Central Govt is required.
- Any violation of memorandum is ultravires of the company and intravires of the directors ie company is not responsible for violation and directors are responsible.

Articles of Association

- These are by laws and internal rules and regulations of the company.
- Articles are indoor management of the company.
- Borrowing powers of directors, procedures for appointment and removal, retirement and rotation of directors.
- Articles can be amended by general body resolution. If the borrowing powers are silent, still the company can avail the loan because every trading company has the implied powers to borrow.

Certificate of Incorporation: Registrar issues this certificate. This is birth certificate of company

Certificate of Commencement of Business:

- This is issued by Registrar of companies after it is satisfied that certain minimum capital has been subscribed by the public.
- This certificate is not required in case of private limited companies.

Other matters relating to companies:

- Borrowing powers of company: Private ltd company – Unlimited powers.
Public Ltd Company: Borrowing powers - upto paid up capital plus free reserves of the company. If requires more than this, consent of shareholders in general body meeting is required.
- Introduction is not necessary for opening a company account.
- Death of a Director: does not affect the operations in the account.
- The Directors can not delegate their authority to any other person
- Charge creation is required to be registered when charge created on by way of Hypothecation of stocks, book debts, mortgage of immovable properties, ship, goodwill, uncalled share capital of the company.
- Charge registration is not required in case of Pledge of goods or securities or against Fixed Deposits.

- Section 125 of Companies Act: Charges created on a company's assets (except pledge) have to be registered with Registrar of Companies within 30 days of creation of the charge.
- ROC can grant extension of 30 days in filing particulars of charge under Sec 125. Company required to pay additional fees not exceeding 10 times of specified fees. Beyond this period, permission from Company Law Board is required.
- A person can not have more than 15 Directorship concurrently (Sec 275 of companies Act.)
- Getting charge registered is company's responsibility. If company getting failed to register charge, as creditor, bank can register charge.
- Non Filing of particulars/ non-registration renders the bank as unsecured creditor and loan becomes payables immediately.
- When charge in favour of two banks is registered, priority of charge is in favour of bank, in whose favour it is created first i.e. date of documents.

HUF:

- Under Mitakshara School of Hindu Law, HUF can be formed by the Hindus, Sikhs, Jains and Buddhists.
- The eldest coparcener including Female is **Kartha**. All male and female major members are coparceners.
- The eldest member will be KARTHA even if he/she lives outside India. Kartha can appoint any other coparcener or third party to conduct business of HUF. Coparcener cannot stop payment of cheque unless he is authorized to operate the account.
- Kartha alone has the power to incur debts for family business and legal necessity of the family.
- **Supreme Court's judgment:** "A HUF directly or indirectly cannot become partner of a firm because the firm is an association of individuals. HUF is a floating body whose composition changes by births, deaths, marriages and divorces. A HUF not being a 'legal person' cannot enter into an agreement of partnership

Account of trusts:

- Unless specifically provided for in the trust deed, No trustee or trustees can raise loans against the security of the assets of trust.
- Trustees can't delegate powers to outsiders even with mutual consent.
- Death or insolvency of trustee does not affect the trust property and the bank can pay cheques issued by the trustee prior to his death.

Mandate and power of attorney:

- A mandate does not require witnessing or stamping.
- Power of Attorney is stamped as per Stamp Act as applicable in concerned State. It must be registered or notarized.

- Any cheque signed by agent and presented for payment after cancellation of authority shall not be paid.
- Power of Attorney or Mandate is revoked by death, insanity, insolvency of the Principal.
- In case cheque issued by the agent is presented for payment after his death, the same can be paid so long as the principal is alive, provided the same is dated prior to date of death of agent.

Nomination:

- Section 45ZA & 45ZB of BR Act – Nomination in Deposit Accounts.
- Section 45ZC&D : Nomination of Safe Custody articles
- Section 45ZE&ZF: Safe Depositor Lockers Nomination facility
- **Status of Nominee:** trustee for legal heirs.
- Nomination can be for individual accounts and proprietorship accounts only and not for partnership accounts, companies, trusts, societies, HUF
- Only an Individual can be nominee. He can be Resident or Non Resident, Minor or even insolvent person.
- Single nominee only. In case of Joint Lockers with joint Operations, there can be 2 nominees.
- A Minor can not appoint nominee. On his behalf nomination facility can be exercised by the person legally competent to act on behalf of the minor.
- In case of accounts in the name of single persons, nomination must be obtained. If the depositor does not want to nominate any body, a written letter should be obtained from him in this regard.

Banking Ombudsman - BO:

- Established under - **BO** Scheme 1995 by RBI in exercise of powers vested in it under Section 35A of the BR Act. Applies to J & K.
- Complaints alleging deficiency in banking service. Non payment /inordinate delay in payment or collection of collection of cheques, bills drafts etc.
- Non acceptance of small denominations
- Non issuance of DDs, non adherence to working hours, failure to honour guarantee, claims regarding fraudulent withdrawal of amounts, NRI remittances etc. Non opening of accounts without valid reasons for refusal.
- Loans: Non observance of RBI directives regarding interest rates, delay in sanctions etc.
- Party has to first complain to Bank. Wait for 1 month for response. If no settlement or no response is there, it is cause of action and the party can file within 1 year from cause of

action, his complaint with Ombudsman. (Total period available to customer for complaining to Banking Ombudsman is 13 months)

- After receiving complaint, Ombudsman calls for views of bank and waits for 1 month to settle the issue by concerned bank. If not settled in the above period, ombudsman shall announce award. Maximum award up to Rs.10 lakhs only.
- After receiving ombudsman's award, the customer has to furnish letter of acceptance within 30 days from the date of receipt of copy of award. If acceptance is not given within 30 days, the award shall not be binding on the bank.
- Compliance of bank within 1 month of receipt of acceptance from customer.
- If bank is aggrieved on the award, it can make application for review to appellate authority (Deputy Governor, RBI) within **30 days** of the date of receipt of award.
- For appeal, bank has to take permission from CMD or ED.
- **BO as an arbitrator:** dispute between bank and customer or between bank and another bank, of both parties agree, if such claim is not exceeding Rs.10 lakh. (But upto Rs.1.00 lacs only for credit card matters)
- RBI may appoint one or more of its officers in the rank of Chief General Manager or General Manager to be known as Banking Ombudsman. Period not exceeding 3 years.

Consumer Protection Act & Banking Business – (not applicable to J & K)

- Consumer - A person who buys goods or hires services for consideration for his/her use.
- A consumer can file complaint within 2 years from the date of action
- Jurisdiction - District Forum – Upto Rs.20 lacs, State Commission – upto Rs.100 lacs and National Commission Above Rs.100 lacs
- Time limit for disposal of complaints – 3 months for state and national commissions.
- Penalty for frivolous nature or for non compliance of orders - Imprisonment for not less than one month and up to 3 years or fine not less than Rs.2000 and upto Rs.10000 or both.
- Limitation for appeal – 30 days from date of order.
- **Claims of compensation upto Rs.20 lakhs :** District Forum,
- **Exceeding Rs.20 lakhs to Rs.1 crore:** State Commission headed by HC Judge Status.
- **Exceeding Rs.1 crore:** National Commission headed by status of Supreme Court Judge.
- **Appeal** against judgement of District forum: before state commission by deposit of Rs.25,000/- or 50% of claim whichever is less;
- Appeal against State Commission to National Commission by deposit of Rs.35,000/- or 50% of the claim amount whichever is less
- Against National Commission to Supreme Court: Rs.50,000/- or 50% of claim whichever ever is less. Appeal within 30 days.
- Non compliance: Fine up to Rs.2000 to Rs.10,000/-, Imprisonment of 1 month to 3 months or both.
- **Frivolous Complaint:** Fine can be maximum up to rs.10,000/- and will be given to the opposite party.
- **Admission of complaint:** within 21 days from the date on which the complaint was received.
- Limitation period for lodging the complaint is 2 years from the date of cause of action arises.

Garnishee order and Attachment Order

Garnishee Order	Attachment Order
Issued by Court of Law	Issued by Revenue Authorities
Applies to balance in the account at the time of receipt of order. Future credits are not covered.	Besides balance in the accounts at the time of receipt of order, it covers future credits
Applicable only when relationship is that of debtor and creditor between the bank and the customer	Applicable when relationship between the bank and the customer is of debtor and creditor at the time of receipt of order or at a future date
When issued in single name, does not apply to a joint account of the judgement debtor with others	When issued in single name, applies pro-rata to joint account of the assesses with other person
When issued in joint names, applies to individual accounts of judgment debtor with others.	When issued in joint names, applies to their individual accounts like a garnishee order
When issued in the name of a partner in his individual capacity, not apply to partnership a/c	Same as garnishee order
When issued in the name of firm, applies to individual account of partners	Just like garnishee order
Applies to deceased accounts also	Applies to deceased accounts also
Bankers right of set off enjoys priority	Bankers right of set off enjoys priority
Applies to all accounts including FD not due	Applies to all accounts including FD not due
Order received simultaneously. Preference to Attachment Order	Preference to Attachment order

- The bank upon whom the order is served is called Garnishee.
- Court first issues order nisi and then order absolute.
- It does not apply to overdraft or cash credit account of the borrower as no debt is due to judgement debtor.
- Garnishee order can be issued to Head office of Bank which will communicate to branch within reasonable time.
- ATTACHMENT ORDER with out mentioning the amount is invalid order.
- If Bank fails to comply with Attachment Order, it will be liable for the amount of order and deemed as an assessee in default.

Senior Citizen's Savings Scheme 2004

- Persons of 60 years and above and in case of VRS persons of 55 years and above are eligible
- Joint account with spouse allowed
- Nomination facility available
- Maximum amount of deposit : Rs.15 lacs
- Tenor: 5 years. Can be extended by 3 years
- Rate of Interest: 9% pa simple basis. Payment on quarterly basis.
- Interest taxable, TDS applicable
- No Loan or No acceptance for Collateral Security
- Premature payment after one year with penalty.
- Penalty 1.5% for closure before 2 years and 1% after 2 years

- Transfer of deposits permitted between Inter-deposit offices
- In case of death, pre mature payment can be made to legal heirs at SB rate of interest from date of death to date of payment.

Government Business:

- Receipts : Rs.45/- per transaction
- Pension Payments : Rs.60/- per transaction
- Other payments(PPF, Senior Citizen Scheme): 9 paise per Rs.100/- turnover
- **Time Period For Remittance Of Govt Receipts To Govt Accounts** (CAS, Nagpur)
- T+3 (ie date of Transaction + 3 days) in case of local transactions.
- T+5 in case of outstation transactions.
- Delayed period Interest: bank rate + 2% for remittance of Rs.1 lakh and above, For transaction less than Rs.1 lac: Bank Rate when delay is upto 5 days. When delay is above 5 days, it will be bank rate + 2% for full period of delay.

Limitation Period

- Demand Loans: 3 years from the date of loan
- Demand promissory Note: 3 years from the date of Promissory note
- TOD : 3 years from the date of loan
- Term Loan : 3 years from the due date of each instalment
- Cash Credit – Hypothecation: 3 years from the date of document
- Cash Credit – Pledge: Not applicable
- Bills discounting: 3 years from the due date of respective bill
- Bills Purchasing: 3 years from the date of bill
- Loan secured by Mortgage: 12 years from the date of loan
- Recovery of Loss caused by Fraud: 3 years from the date of fraud detection
- Suit by State / Central Government: 30 years from the period when limitation begins
- Right of foreclosure and Right of Redemption in case of mortgages: 30 years when money becomes due and when right to recover money accrues respectively
- Deposit accounts like SB, CA or Matured FDRs: 3 years from the date of demand
- Appeal to High Court against Lower Court: 90 days from the date of decree
- Appeal to other courts on the decree at Lower court: 30 days from the date of decree
- Execution of Decree: 12 years from the date of decree.

Kinds of charges over securities:

Nature of Security	Types of security	Kind of charge	Defined Act
Immovable Property	Land & Building	Mortgage	Sec 58 of TPA Act
Actionable Claims ie Unsecured Debts	Book Debt, FDR, NSC, LIC policies	Assignment	Sec130 of TP Act
Movable Property / goods	Plant & Machinery, Stocks, Vehicles etc	Pledge or lien or Hypothecation	Indian contract act SARFAESI Act
Paper Securities	Shares, Bonds Debentures, Units,	Lien	Sec 170, 171 of Indian Contract Act
Personal Guarantee	Promoters and 3 rd party guarantee	Personal Liability	Sec 126 of Indian Contract Act

Lien:

- Lien is creditor's right (given by debtor) to retain the possession of goods and securities owned by the debtor until the loan has been paid. LIEN IS NOT AVAILABLE ON DEPOSITS.
- Particular lien (sec 170 of Indian Contract Act) available for single loan.
- General Lien (sec 171 of Indian Contract Act) available for a series of loans.
- Bankers lien is general lien and also implied pledge. Right of set off is available.
- Law of limitation does not apply to lien.
- Lien is available: a) where possession is given by borrower to secure the loan b) loan is due and lawful c) reasonable notice is given d) the loan and security is in the same name and same capacity.
- Lien is not available: Where goods are held inconsistent with the right, held by bank in trust or as an agent, or for a specified purpose, owned by more than one person, held in safe custody or left in possession of the bank by mistake.

Negative lien:

An undertaking by the owner of assets for not selling certain assets and not creating any charge on these assets without permission from the creditor. It has no legal force and has moral value only.

Right of set off:

- Combining 2 or more accounts having debit and credit balance in same or different branches.
- It can be exercised if there is relationship of debtor and creditor, creditor and debtor simultaneously, in the same name and capacity.
- Law of limitation does not apply for this.
- Available on deposit of guarantor after serving reasonable notice. (recall notice)
- On FDRs, available on maturity only and not during tenancy.
- Can be exercised before meeting the garnishee order or attachment order.
- Right can be exercised before meeting the garnishee order or attachment order
- It cannot be exercised if the deposit is held as trustee, if held jointly (and loan is in single name), if held by partnership firm (loan in partner's name)

Mortgage:

- Right of Redemption is available for all types of mortgages
- Right of foreclosure is available for Mortgage by Conditional Sale only
- Personal liability of mortgagor is not available for Mortgage by conditional sale and usufructuary mortgage
- Right to sale is available in simple, English and Equitable Mortgages
- Right to sale without court intervention is available in English Mortgage
- Registration of Mortgage with Registrar of Assurances not required in case of Equitable Mortgage. Other mortgages to be registered within 4 months. Additional 4 months can be allowed by RoA.
- **Equitable Mortgage (EMT)** can be created by deposit of title deeds (Preferably original title deeds) of the immovable property.

- Property located any where can be mortgaged any where, if the place is State notified one
- In case of Company, registration of mortgage is required within 30 days

Assignment:

- Transfer of auctionable claim in favour of creditor to secure a loan. Auctionable claim is an unsecured debt such as FDR, LIC Policy, NSC, Book Debt etc.
- Assignment is possible through writing only
- Acknowledgement required to be acknowledged by original debtor under section 131.
- Assignor can not give to assignee, better title than what assignor has
- In case of default, the assignee can recover the actionable claim amount from the original debtor without reference to assignor.

Regulation of Loans and Advances:

Selective Credit Control: Rate of Interest and Margin – Tools of control

Restriction of Loans and Advances: Section 20 of BR Act, No banking company shall grant loans and advances on the security of its own shares.

CRR: Sec 42(1) of RBI Act: Present rate :6%. : **RBI can prescribe CRR for scheduled Banks without any floor rate or ceiling rate.** (earlier it was Minimum 3% and Max.20%).
RBI will not pay any interest on the CRR balances maintained by scheduled commercial banks.

BSR I: Basic Statistical Return I : Borrowal accounts of Rs.2 lac and above . **BSR II :** Information about deposits with break up into Current, Savings and Term – Information will be collected by RBI from all banks.

SLR : Sec 24 of BR Act: Minimum: RBI is free to decide. Maximum:40% of NDTL.
Present rate: 25%

Assets in India: Sec 25 of BR Act: Every banking company has to maintain in India, assets not less than 75% of demand and time liabilities of the banking company in India.

RBI is managed by a Governor, 4 deputy governors and 15 Directors.

Scheduled Bank: Included in second schedule of RBI Act, 1934. Capital and reserves not less than Rs.5 lac.

Sec 11 of BR Act: Paid up capital and Reserves: For domestic Banks, Rs.5 lakhs and for Foreign banks Minimum Rs.15 lacs(Rs.20 lakh where the bank has place of business in Bombay, Calcutta or both.)

Reserve Fund:Sec 17(1) of BR Act: Stipulated 20% of profits before dividend is declared. (RBI enhanced to 25% of net profit with effect from 31-03-2001.)

Sec 23 of BR Act: Prior permission of RBI is required for opening of new branch, sub office, sub pay office and extension counter etc except for one month.

Section 45Z of BR Act: Return of paid instruments by keeping Xerox copy

Limited liability partnership Act-2008:

- The LLP Act 2008 has already comes into force wef 9.1.2009
- It is a Body Corporate having legal entity separate from its partners.
- It shall have perpetual succession.
- Any change in partnership does not affect the existence, rights and liabilities of LLP.
- An LLP can sue and be sued by others.
- It shall have a common seal and can do, own, acquire and sell properties like any corporate body.
- Provisions of Indian Partnership Act 1932 shall not apply to LLPs.
- Individuals & Corporates can become a partner in an LLP. Here, Corporate includes another LLP (Indian or foreign) also along with Indian or foreign company.
- Cooperative society cannot become a partner in LLP.
 - Minimum partners - 2; Maximum - The act is silent. (Therefore no restriction on upper limit like traditional partnerships).
 - There must be atleast two designated partners who are individuals and atleast one of them should be a resident in India. If a body corporate is a partner of LLP, then it can nominate an individual as designated partner.
 - Designated Partner Identification Number is to be obtained from Central Govt. They are responsible for all compliances as required under the LLP Act.
 - Registration of LLP is compulsory with Registrar of Companies.
 - The name should end with LLP.
 - Any person can apply for 'reservation' of name with ROC for a period of 3 months.
 - ROC would register the incorporation document and issue a certificate of incorporation within 14 days on completion of all formalities specified under the Act.
 - Name of LLP, Registered Office, Regn Number must be mentioned in all invoices, official correspondence and publications.
 - The rights and duties of partners would be governed by LLP agreement. In the absence of LLP agreement, Schedule I to the LLP Act would apply.
 - Admission of new partner requires the permission of all partners.
 - Every partner is an agent of LLP but not of other partners.
 - Annual Accounts must be audited and filed with ROC within 60 days.
 - The rights of partner can be transferred wholly or partly in favour of others.
 - Existing firms / Public Company / Private Company can be converted into LLP.
 - Winding up may be voluntary or by order of National Company Law Tribunal.

- Whether income is taxed in the hands of partners or in the hands of LLP is yet to be clarified by IT Authorities.
- LLP will be ideal for professionals, Service sector SME units.
- **Budget Feb 2010 Announcement:** To facilitate the conversion of small companies into Limited Liability Partnerships, transfer of assets as a result of such conversion not to be subject to capital gains tax.

General Data

- Average Population Covered By A Commercial Bank Branch In 2010
- Urban Areas :9400
- Rural/Semi Urban Areas :15900
- All India Weighted Average :13400

- **Aadhar**, the Unique Identification Number (UID) Project of Government of India, is headed by Nandan Nilekani

Basics of Derivatives:

- * Derivatives could be : OTC - Over the counter. (Suited to one's needs) OR Exchange traded facilities with fixed lot, time etc. OTC are customized by banks for their customers. Exchange traded are traded on the floor of the exchange and are standardized in quantity, quality, start, end dates. They are less expensive than OTC.

Forward contract:

- OTC product. Fixation of rates is done in advance for deliveries in future. Seller agrees to deliver goods to the buyer on some future date at a fixed rate. Hence, the risk involved in price movements, availability etc is removed. They are firm and binding contracts.

Cancellation of Expired Unutilised Contracts:

In the absence of any instructions from the customer, the bank should automatically cancel such expired unutilised forward contracts on the **7th working day** after maturity date. In case such 7th working day after maturity date happens to be Saturday or Holiday, the automatic cancellation is to be done on the **next succeeding working day**.

Individuals / SMEs:

Small and Medium Enterprises having direct and/or indirect exposures to foreign exchange risk are permitted to book/cancel/rebook/roll over forward contracts **without** production of **underlying documents** to manage their exposure effectively subject to the conditions.

Resident individuals are permitted to book a forward contract without production of underlying documents to manage/hedge their foreign exchange exposure arising out of actual or anticipated remittances, both inward and outward, up to the limit of **USD 100,000 based on self declaration**.

Booking Forward Contracts

Importers/Exporters who are in Import / Export business at least for the **last three financial years**.

In the case of an exporter if the amount of **overdue bills** is **in excess of 10 percent** of the turnover, they are **not eligible** to avail of the above facility.

The **average** of the previous **three financial years'** (April to March) actual Import/Export turnover or the previous years' actual import/export turnover whichever is higher.

In respect of forward contract booked against underlying exposure, the original documents if not submitted for marking within 15 days, the contract booked should be cancelled on the next working day. Exchange loss on such cancellation should be immediately recovered. However, exchange gain if any, should not be passed on to the customer. In the event of non-submission of the documents by the customer within 15 days on more than three occasions in a financial year, booking of forward contracts in future should be allowed only against production of the underlying documents, at the time of booking the contract. Branches should obtain an undertaking from the customer to the effect that the same underlying exposure has not been covered with any other AD category-1 bank/s. Where hedging of the same exposure is undertaken in parts, with more than one AD category-1 bank, the details of amounts already booked with other AD category -1 bank/s should be clearly indicated in the declaration. This undertaking should be taken along with LC application. Branches should obtain quarterly certificate from the statutory auditor of the customer that the contracts outstanding at any point of time with all AD category -1 banks during the quarter did not exceed the value of the underlying exposure. With regard to booking of forward contracts against past performance, Corporate clients having a minimum net worth of Rs 200 Crores and an annual export and import turnover exceeding Rs 1000 Crores, are only eligible. Revised guidelines would be effective from 01.02.2011. (IO/08/2011) **However, Reserve Bank of India has clarified that the above requirements of having minimum net worth of Rs 200 Crores and annual export and import turnover exceeding Rs 1000 Crores, is not applicable to forward contracts booked on past performance basis. (IO/13/2011)**

RBI has enhanced the existing limit for rebooking of cancelled forward contracts from two per cent to ten per cent with immediate effect in respect Foreign Institutional Investors.(Cir IO 47/2011)

If forward contract is cancelled within 15 days then exchange gain if any is passed to the customer only if documents are submitted at the time of cancellation.(IO 48/2011)

Futures:

- Most popular and widely used. Evolved out of Forward contracts. Can be called as another version of exchange traded fwd contract. Future has standardized contracts for quantity and delivery dates. It is a contract to buy a specific amount of commodity / financial instrument at a particular price on the stipulated future date.
- There is an obligation for the buyer to buy it and seller to sell it, unless the contract is sold to some other person to take profit or to book loss or to limit loss. Standardized quantity of underlying asset is called as Contract size (also called as Notional Principal Amount)
- Period of contract is standardized. Say 3 months starting / ending in calendar month.
- They are exchange traded items. So between the buyer and seller there is always the futures exchange.
- Credit worthiness must be maintained by way of margin on buyer and seller and it is adjusted every day. Delivery is not a must. Buyer and seller can set off by paying the differential between current rate and the rate agreed. Margin can be initial margin, variable margin, maintenance margin.

Difference between future and forward contract

The future is a type of Fwd contract.

Future	Frwd contract
Exchange traded	OTC
Standardised time, amount etc	Customised. Can be odd period, amount also.
Delivery is not essential	Must.
Performance is guaranteed by exchange.	Credit risk is there. Counterparty risk.
Margin is required	Not required.
Marked to market every day	Not marked every day.

Options:

In Frwd contract and future, delivery or its reversal at prevailing prices is essential. If prices are favourable in the market itself, then future or Frwd contract is not beneficial. So options were invented.

- Option conveys right to buy or sell an agreed quantity of currency / commodity at an agreed price. There is no obligation to do so.
- The holder of the option, thus, will exercise it, if the market goes adverse. On the other hand if the market is favourable, he will keep quiet and the contract will lapse.
- For the buyer of option : right and no obligation.
- For the seller of option : Obligation and no right to cancel / rescind.
- Options are traded on option exchanges.
- The counter party is option exchange itself.

- Call option: It has the right to buy.
- Put option: It has the right to sell.
- Strike price or Exercise Price : The rate at which the option can be exercised.
- Like insurance premium, the cost of Option is levied upfront.

Balance Sheet Analysis

Classify the following assets and liabilities for Balance Sheet of M/s Gopala & Govinda Company for the year as on 31.3.2009.

Cash	200	Good will	300
Provision for Expenses	200	Capital	2000
Vehicles	1000	Sundry Debtors	1600
Unsecured loans (Long term)	800	Term Loan	2000
Investment in other firms	300	Plant and Machinery	2500
Pre Operative Expenses	200	Sundry Creditors	1200
Stocks	2000	Reserves	1000
Prepaid expenses	200	Expenses payable	200

*Canara bank RSTC Gurgaon
Snap shot May 2011*

Security Deposit	200	Bank Borrowings / cash credit	1400
Land and building	1500	Debentures	1200
Sales	10000	Net profit	500
Interest on Term Loan	300	Depreciation	200

Calculate Current Ratio / Quick Ratio / Net working Capital / Debt Equity Ratio / Debt Service Coverage (consider that installment during the year is 400) Ratio / Stock turnover ratio / Debtor Turnover ratio / Debtor velocity ratio / Net profit %.

Answer:

LIABILITIES	Rs.	ASSETS	Rs.
OWNERS FUNDS		FIXED ASSETS	
Capital	2000	Land and Building	1500
Reserves	1000	Plant and Machinery	2500
SUB TOTAL(Net Worth)	3000	Vehicles	1000
LONG TERM LIABILITIES		SUB TOTAL(Fixed Assets)	5000
Unsecured Loans	800	NON CURRENT ASSETS (NCA)	
Term Loan	2000	Investment in Firms	300
Debentures	1200	Security Deposit	200
SUB TOTAL(Term Liabilities)	4000	SUB TOTAL (Total Non Current Assets)	500
CURRENT LIABILITIES		INTANGIBLE ASSETS	
Provision for Expenses	200	Goodwill	300
Sundry Creditors	1200	Pre Operative Expenses	200
Expenses Payable	200	SUB TOTAL(Total Intangible Assets)	500
Bank Cash Credit	1400	CURRENT ASSETS	
SUB TOTAL(Current Liabilities)	3000	Cash	200
		Sundry Debtors	1600
		Stocks	2000
		Prepaid Expenses	200
		Total Current Assets - Subtotal	4000
GRAND TOTAL (Total of Liabilities)	10000	GRAND TOTAL (Total of Assets)	10000

Calculations:

Networth	Capital + Reserves	2000+1000	3000
Intangible assets			500
Tangible NW	NW - Intangibles	3000 – 500	2500
Long Term Liabilities			4000
Long Term Sources	LTL + Networth	4000+3000	7000
Current Liabilities			3000
Short Term Sources	(= Current Liabilities)		3000
Outside Liabilities	(= LTL + CL)	4000+3000	7000

Long Term Uses	(= Fixed Assets+ NCA+ Intangible Assets)	5000+500+500	6000
Current Assets			4000
Gross Working Capital	(= Total CA)		4000
Short Term Uses	(CA)		4000
Net Working Capital	CA – CL	4000-3000	1000
Quick Assets	CA –Stocks& Prepaid Exp	4000-2200	1800
Current Ratio	CA ÷ CL	4000 ÷ 3000	1.33:1
Quick Ratio	QA ÷ CL	1800 ÷ 3000	0.66:1
Debt Equity Ratio	LTL ÷ TNW	4000 ÷ 2500	1.66:1
DSCR	(Profit + Depreciation + TL Interest) ÷ (TL Installment + TL Interest)		
	500+200+300 = 1000	1.4	(1000÷700)
	400+300 = 700		
Stock Turnover Ratio	Sales ÷ Stocks	10000 ÷ 2000	5 times
Drs T/o Ratio	Sales ÷ Sy Debtors	10000÷1600	6.3 times
Debtors Velocity Ratio	(Sy Drs÷Sales) x 12	(1600÷10000) X 12	1.92 months
Net Profit %	(NP ÷ Sales) x 100	(500 ÷ 10000) x 100	5%
Return on NW	(NP ÷ TNW) x 100	500 ÷ 2500 x 100	20%

Service Tax Penalties

The Penal provisions for various contraventions of the Service Tax Law are as follows:

1. Failure to take registration within the time stipulated: Upto Rs. 5,000 or Rs. 200 per day after the due date, whichever is higher.
2. Non payment or delayed payment of service tax – Not less than Rs. 200 per day or @2% of such tax per month, whichever is higher. The penalty amount payable shall not exceed the amount of service tax payable.
3. Failure to furnish ST-3 Return : Up to an amount not exceeding Rs 2000.
4. Failure to keep, maintain or retain books of account and other documents : up to Rs. 5,000.
5. Failure to furnish information, produce documents, when called by an officer or fails to appear before the Central Excise Officer when issued summon : up to Rs. 5000 or Rs. 200 per day after the due date.

6. Failure to pay tax electronically, through internet banking : up to Rs. 5,000.
7. Issuing invoice incorrectly or with incomplete details or failing to account for an invoice in his books of account: up to Rs. 5,000.
8. Suppression of the value of taxable services: Penalty to an extent ranging from 100% to 200% of the Service Tax which was not levied or paid or erroneously refunded, can be imposed on any person, if such short levy or short payment or erroneous refund is by reason of fraud collusion, willful mis-statement, suppression of facts; or contravention of the Act or the rules made thereunder with an intent to evade payment of Service Tax. Such liability towards penalty would be in addition to the Service Tax amount evaded or erroneously refunded and the interest thereon .

TDS Cut off Amounts: wef 1.7.2010 when the amount / payment exceeds the stated amount:

- * 194 B- Winnings for lottery or crossword puzzle Rs.10,000
- * 194 BB- Winnings from horse race Rs.5,000
- * 194 C- Payment to contractor: Single payment Rs.30000 / Aggregate in a FY Rs. 75,000
- * 194 D- Insurance commission Rs.20,000
- * 194 H - Commission or brokerage Rs. 5,000
- * 194 I - Rent Rs. 1,80,000
- * 194 J - Fees for professional or technical services Rs.30,000.
- * 194 - Interest on payment of term deposits Rs.10000

Right to Information Act, 2005

- Now powers has been delegated to Public Information Officers to dispose of the RTI application directly at Circle Office level itself without referring the RTI application to Head Office. All our Branch Heads are designated as 'Assistant Public Information Officers' to receive the RTI application and to forward the same to the Public information Officers of the Circle as per Section 5 (2) of RTI Act, 2005.
- Now it has been decided to decentralize and delegate the powers to Public Information Officers at Circle Offices **from 1.10.2010** onwards to dispose of the RTI applications received at their office and by the branches coming under their jurisdiction at their level itself without referring to PIO at RIA Section at Head Office for vetting the draft replies. Fee for getting information under RTI is Rs.10/- and same is waived for BPL category people. Section 20 of RTI Act provides for imposition of penalty of Rs.250/- per day upto maximum of Rs.25000/-.(Cir-336/2010).
- In order to accelerate the process and to attend to Appeals within the time norms stipulated under Section 19 of the RTI Act, 2005, it has now been decided to decentralize and delegate the Powers to Deputy General Managers of the Circle Offices by nominating them as APPELLATE AUTHORITY with immediate effect. The RTI Appeals received at their respective offices and by the branches coming under their jurisdiction should be disposed off at their level independently by giving personal hearing to the appellants/complainants, wherever necessary.(Cir 110/2011)
- 25 paise and below coins cease to be legal tender w.e.f. 29-06-2011 (after business hours). Branches / Currency Chests should extend exchange of above coins till 29th June 2011(HO Cir 50/2011)

CENSUS 2011- HIGHLIGHTS(Provisional)

- The population of the country as per the provisional figures of Census 2011 is **121 crore** of which **62.36 crore (51.54%)** are males and **58.64 crore (48.46%)** are females.
- The population of India has increased by more than 18.1 crore during the decade 2001-2011.
- Percentage growth in 2001-2011 is 17.64; males 17.19 and females 18.12.
- Literacy rate has gone up from 64.83 per cent in 2001 to 74.04 per cent in 2011 showing an increase of 9.21 percentage points.
- 2001-2011 is the first decade (with the exception of 1911-1921) which has actually added lesser population compared to the previous decade.
- Uttar Pradesh (19.95 crore) is the most populous State in the country followed by Maharashtra with 11.2 crore.
- Population (0-6 years) 2001-2011 registered minus (-)3.08 percent growth with minus (-)2.42 for males and -3.80 for females.
- Overall sex ratio at the national level has increased by 7 points to reach 940 at Census 2011 as against 933 in Census 2001. This is the highest sex ratio recorded since Census 1971 and a shade lower than 1961.
- Increase in sex ratio is observed in 29 States/UTs.
- Kerala with 1084 has the highest sex ratio followed by Puducherry with 1038, Daman & Diu has the lowest sex ratio of 618.

Financial Inclusion : A Snapshot	
* Habitations in the country have a commercial bank branch :	30,000 (out of 600,000)
* Population having	
- Bank account (savings) :	57%
- Life insurance :	10%
- Non-life insurance :	0.6%
- Debit cards :	13%
- Credit cards :	2%
Source : Reserve Bank of India	

**Canara Bank's March 2011 Results
(Press release dated 05.05.2011)**

Total Business	Rs.506440 crore
Total deposits	Rs.293973 crore
Advances (net)	Rs.212467 crore
Total business Growth Rate	25.40%
Domestic business out of the total business	96%
Net Interest Margin (NIM)	3.12%
Provision Coverage Ratio	72.99%
Capital Adequacy Ratio	15.38%
Tier I capital ratio	10.87%.
Share of CASA deposit in domestic deposits	30.30%
Gross NPA ratio	1.45%

Canara bank RSTC Gurgaon
Snap shot May 2011

Net NPA ratio	1.11%
Net Profit for the Fourth quarter	Rs.899 Cr
Net Profit for the 12 month	Rs.4026 crore
Operating profit Q4	Rs.1695 crore
Operating profit 12 month	Rs.6107 crore
Return on average assets (RoAA) for the Q4	1.27%
Earnings per Share (EPS)	Rs.20.76
Book Value	Rs.405
Government of India holding	67.72%
Net Interest Income Q4	Rs.1973 crore
Net Interest Income for 12 month	Rs.7823 crore
Total income for the 12 month	Rs.25767 cr
Non-interest income upto Mar 2011	Rs.2703 crore.
CASA deposits	Rs.83117 crore
CASA deposits and savings deposits growth.	22 & 17.5%
Business per Employee	Rs.12.28 crore
Business per Branch	Rs.155.49 crore
Bank's clientele base	38.70 million
Deposit accounts	34.20 million
Borrowal accounts	4.50 million
No Frill accounts since inception	27.84 Lakh
SHG formed	3.51 Lakh
SHG Credit Linked	3.20 Lakh
Total Fin Inclusion achieved in Lead Districts	26
Gross NPA 1.45%	Rs.3089 crore
Net NPA ratio to 1.11%	Rs.2347 crore
Cash recovery	Rs.2032 crore
Credit growth	25%
Retail lending portfolio	Rs.31572 crore
Direct housing loan	Rs.15219 crore
Housing loan as a % of retail lending portfolio	48.00%
Micro, Small and Medium Enterprises	Rs.37684 crore
Advances to the priority segments(44.08%)	Rs.70757 crore
Agricultural advances outstanding(18.48%)	Rs.29656 crore
Education loan portfolio	Rs.3503 crore
Students covered in EL	1.93 lakh
Lead districts (spread over five States)	26
Total financial inclusion achieved	All 26 districts
No Frill Accounts during 12 month opened	6.02 lakhs
No-frill accounts since inception	27.84 lakhs
Self Help Groups formed as at Mar 2011	3.51 lakhs
Credit linking of SHGs.	3.20 lakhs
Branches under Core Banking Solution	All
ATMs	2216
Bank's debit card base	59.69 lakhs
Domestic branches added during 12 month	211
Overseas branches added during 12 month	Leicester, UK
Representative Office at	Sharjah, UAE

Total branch network	3257
Bank plans to open ATM strength to be increased to(Under OPEX Model)	250 branches 4000
Goals for 2011-2012	
Aggregate business	Rs.6.25lakh crore
Total deposits	Rs.355000 crore
Advances	Rs.270000 crore
Focus on	Retail business
Survey completed	Sri Lanka, Nigeria & Kenya
Expanding global footprints	Manama,QFC-Qatar, Soth Africa, Germany, USA, Brazil, Tanzania & Representative office in Tokyo

Strong/Weak Points in our Balance Sheet:

- * Net profit for the Q4FY11 rose to Rs **899** crore, recording a robust 78.70% growth over net profit of Rs.503 Cr for Q4FY10. Net profit for 12 months reached to Rs **4026** crore.
- * Operating profit grew to Rs **1,695** crore for Q4FY11, for 12 month period rose to Rs **6107** crore.
- * Provision of Rs **546** crore has been made for the Q4FY11. Provision Coverage Ratio stood at **72.99%** as at March 2011.
- * Total business of the bank rose to a level of Rs **5,06,440** crore as at March 2011, recording a y-o-y growth of **25%**.
- * Total deposits grew by **25%** to reach Rs **2,93,973** crore and advances grew by **25.5%** to touch Rs **2,12,467** crore. Domestic business constituted **96%** of the total business.
- * CASA deposits grew by **22%** to cross Rs **83,117** crore as at March 2011. Savings deposits recorded a good growth of **17.50%** y.o.y. Share of CASA in domestic deposits improved to **30.30%**. Bank has added over **20** lakh SB clientele during FY11.
- * Business per Employee increased to Rs **12.28** crore. Business per Branch rose to Rs **155.49** crore as at March 2011.
- * Profit per employee stands at Rs.12.28 lakh.
- * Credit to Deposit ratio stood at 72.30%.
- * The Bank overseas business constituted 3.83 of the total business.
- * Clientele base crossed **38.70** million, comprising **34.20** million under deposit accounts and **4.50** million under borrowal accounts.
- * Return on average assets for Q4 was **1.27%**. EPS rose to Rs **20.76** as against Rs 12.27 a year ago. Book value increased to Rs **405** vis-a-vis Rs **306** as at March 2010.
- * Capital Adequacy Ratio stood at **15.38%**. Tier I capital ratio stood at **10.87%**.
- * Growth in interest income was **23.50%** with net interest income reaching Rs **1973** crore.
- * Net interest margin increased by 32 bps to **3.12%** from 2.80% as at March 2010.
- * Bank's gross NPA ratio came down to **1.45%** (Rs **3,089** crore) and net NPA ratio to **1.11%** (Rs **2347** crore) as at March 2011.
- * Cash recovery aggregated to Rs **2,032** crore in FY11.
- * Retail lending portfolio recorded a robust **32%** growth to reach Rs **31,572** crore. Outstanding housing loan (direct) portfolio at Rs **15,219** crore, constituted **48%** of the total retail lending portfolio.

- * Bank's credit to Micro, Small and Medium Enterprises recorded a growth of **21.3%** to reach Rs **37,684** crore.
- * Outstanding advances to the priority segments grew by **19%** to reach Rs **70,757** crore(44% of ANBC), with outstanding agricultural advances level at Rs **29,656** crore(18.48% of ANBC). Loans to agriculture grew by **18%**. Agriculture portfolio covers 31.18 lakh farmers.
- * Bank continued to lead the field in educational loan portfolio reaching **Rs.3503** crore (**21%** growth) covering **1.93** lac students.
- * Bank opened **6.02** lac no frill accounts during FY11 taking the total tally to **27.84** lacs since inception. Bank formed **3.51** lac self help groups as at March 2011 with credit linking of **3.20** lac SHGs.
- * Bank added **211** domestic branches, one overseas branch at Leicester in UK and a representative office at Sharjah, UAE taking the branch network to **3,257** branches.
- * With **2216** ATMs bank's debit card base rose further to **59.69** lacs.
- * Bank aims to reach an aggregate business figure of **Rs.6.25** lac crore by March 2012, comprising **Rs.3.55 lakh crore** of deposits and **Rs.2.70 lakh crore** of advance

The information furnished in the book is illustrative and not exhaustive. **Circulars & Manual of Instructions issued by HO** from time to time is the final authority on the subject.