

Rural Credit

Priority Sector - Agri and Other priority Sectors

- At least 40% of the banks advances to be given under priority sector
- Advances to weaker section should constitute at least 10% of total advances or 25% of priority sector advances whichever is higher.
- Lending to Agriculture to be atleast 18% of the total advances. however, lending to indirect agriculture should not exceed 25% of total agriculture credit target or 18% of the net bank credit.
- Lending under DRI to be at least 1% of the total advance at the end of the previous financial year.

Segments under Priority Sector

Agriculture

Agricultural Financing

Direct

Short Term	Medium Term	Indirect
Crop Loans	Land development	Fertiliser dealers
Jewel Loans Agri	Minor Irrigation	Service centres
Working Capital	Farm Mechanisation	Godowns
For allied activities	Allied Activities	Rural Electrification
	Dairy	
	Poultry	
	Piggery	
	Sheep	
	Goat	
	Sericulture	
	Pisciculture	

	Beekeeping	
	Duckery	
	Biogas	

Crop Loans (STPL)

- Medium and Long term loans advances to farmers for a acquisition for jeep, pickup vans, mini trucks etc., to be used for transport of agricultural inputs and farm products is a priority sector advance
- Allied activities advances granted for grainages under sericulture
- Indirect finance : Advances upto Rs.25,000/- to farmers against pledge or hypothecation of agricultural produce (including warehouse receipts) period of advance not to exceed 6 months. The amount of Rs.25,000/- is enhanced to Rs.1 lakh per borrower provided he is banking with a single bank. Advances upto Rs.5 lakhs granted for financing distribution of inputs for the allied activities such as cattle feed, poultry feed etc., is reckoned as indirect agricultural advance.
- All short term advances to traditional plantations ie., Tea, Coffee, Rubber, Spices etc., irrespective of the size of holding will be classified as direct agricultural advance.
- Advances given to high-tech projects in agricultural can be classified under agricultural advance.
- Advances for agro-processing and animal vaccine producing units involving high technology can be classified as agricultural provided such units produce the required raw material by themselves for their captive consumption and do not procure the same for others.
- Financing of farmers for purchase of generator sets for irrigation purpose may be classified under direct finance to agricultural. Subject to the refinance eligibility from NABARD.
- Advances to commission agents in rural and semi urban areas functioning in markets/mandis, commonly known as arthias for meeting their working capital for the credit extended to farmers for supply of inputs may be treated as priority. Sector under indirect finance to agriculture.
- Advances extended to dealers in drip irrigation /sprinkler irrigation system/agricultural machinery will be classified as indirect finance to agriculture provided.
- The dealer should be located in the rural/semi urban areas.

- Should maintain separate and distinct record.
- A ceiling of upto Rs.10 lakhs per dealer should be observed.

Exceptions:

- Loans granted for breeding of racehorses and commercial dogs.
- Block loans granted for purchase of estates (traditional plantations)



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Agricultural financing - An over view

i Crop Loans

- Purpose - Purchase of seeds fertilisers, pesticides, cultivation expenses
- Type of loan - STPC (short Term Production cash credit) STPL
- Eligibility - Owner cultivator / lease holder
- Appraisal - scale of finance for each district as decided by technical committee/ DCC
- Repayment - normally tow months after harvest
- Margin - Upto Rs.10000 - nil Others - 15-25%
- Security - Upto Rs.25,000 - Hypothecation of crops No additional security
- Documentation - application, evidence of property rights - chitta, adangal (revenue certificates) pass book
- No due certificate from other co-op society / crop insurance
- Seasonality of crops _ Kharif - South west monsoon - jun-sep
- Rabi - North East monsoon (winter)

New Crop Insurance Scheme (Rashtriya krishi Bhima Yojana - RKBY)

Particulars	Comprehensive crop insurance scheme – CCIS	New Scheme – RKBY
Introduced from	Kharif 1985 to Kharif 1999	01.10.99

Crops covered	Rice, Wheat, Millets, Pulses and Oil seeds	All cereal crops, coarse grains, Pulses, oil seeds and three cash crops – sugarcane, potato and cotton
Farmers covered	All loanee farmers	All loanee farmers and optional for Non-loanee farmers
Sum Insured	100% of the loan amount subject to a maximum of Rs.10,000/- (to be shared by GIC and State Government in the ratio of 2:1)	There will be no restriction on the total sum insured (to be shared by GIC and State Government in the ratio of 1:1)
Premium rate	Cereals and Millets - 2% of sum insured Pulses & Oil seeds - 1% of sum insured	Bajra and oil seeds - 3.5% of sum insured Kharif crops - 2.5% of sum insured Wheat - 1.5% of sum insured Rabi crops - 2% sum insured
Subsidy in premium	50% for SF/MF (to be contributed by Central and State Govt. equally)	50% for SF/MF (to be contributed by Central and State Govt. equally)
Implementing Organisation	General Insurance Corpn of India (GIC)	While GIC initially implement the scheme, it will eventually be operated by a separate organisation called the Rashtriya Krishi Bima Nigam)
Settlement of claims	Settlement of claims is made on the basis of area approach	Apart from area approach individual claims of affected farmers will be entertained separately

Minor Irrigation:

- **PURPOSE:** Digging of new wells, deepening of existing wells, installation of pumpsets, sprinkler irrigation and drip irrigation.

- SCHEMES: Massive assistance programme for small and marginal farmers
- Poultry Farming
- 1. Purpose - a. Layer Farming - one day old chicks - rearing for 5-6 months - 270-280 eggs p.a. culling of birds at 18 months
- b. Broiler - Fattening for 2 month and selling for meat
- c. hatchery - Rearing for production of birds
- 2. Breeds
- Layers - Hy line - Ranishaver - Babcock
- Broiler : Uniprow - Samrat - Ross
- Layer & Broiler : White rock - New Hampshire - Arbington
- 3. Diseases - Fowl pox / Rainket/ Marax
- 4. Types of rearing - Deep litter system - on ground covered with sawdust / husk space required by bird 2 square feet
- Cage System - space required 0.75 sq.ft, per bird
- 5. Other information : Debeaking is to be done on 7th day or 14th week.
- 1. Feed Age(weeks) Feed
- Chickmash
- Growermash
- Layermash
- 2. Economics
- Capital Investment - Brooder cum grower shed
- Layer shed
- Cost of equipment

Working Capital:

- Birds
- Feed
- Medicines / Vaccine
- Power
- Insurance
- Income : Sale of eggs/litter/gunnies/culled birds

Dairy Farming:

Economic Size	2 Animals
	animal should be preferably in first lactation
	Second animal to be purchased after 5 months
	Recovery period to coincide with lactation period

Other Information	1. Average lactation period - 8-10 months
	2. Dry Period - 4-6 months
	3. Economic Lactation - 4- 5 months
	B. Diseases Ringworm, Mastitis, Milk Fever, Rinderpest, Anthrax
	C. Breeds Indigenous - Sindhi cows, Ongole cows, Murrah – Buffalo, Mehsana Exotic Cows – Holstein, Jersey, Reddane

Farm Mechanisation

- Purpose : Tractors/power tillers/power sprayers/dusters.
- Eligibility : Tractors-Owner cultivator with 8 acres of perennially irrigated land or 24 acres dry land and /or as per State Government ceiling act.
- Power tiller-Owner of 6 acres of irrigated land 12 acres of dry land and /or as per State Government Ceiling act.
- Appraisal:
- Breakeven hours –Tractor-1000hrs./Power Tillers-600 hrs.
- Tractor should have commercial test report from CFMIT
- Second tractor loan only after 3 years on full payment(30% margin)
- Repayment period fixed according to crop harvesting
- Comprehensive insurance with bank clause
- Lien should be noted in the RC book
- Margin:15%
- Repayment: Tractor – 9 years; Power Tiller – 7 years.

Biogas

- Biogas is produced from anaerobic fermentation of organic waste. The gas produced contains around 60% methane, which is an efficient and versatile fuel.
- Subsidy is available for floating type and fixed dome Janata type biogas plants, Ganesh models, under national project on biogas development.

Size of plant Cu.mts	No. of cattle	No. of family members	Kgs. of dung
2	3-4	4	30-50
3	4-6	8	40-60
4	6-8	10	60-80
6	8-12	16	80-100
8	12-15	24	100-120

Appraisal:

- Models:
- (1) KVIC Model (loating type)
- (2) Fixed dome (Janata type)
- (3) Ganesh Mode;
- Applications: Should be routed through KVIC or Block Office
- Security: (1) Hypothecation of plant upto loan Rs.10,000/-
- (2) Hypothecation of plant and equitable mortgage for loans above Rs.10000/-. In case of janatha model, obtaining of term loan agreement is enough.
- D. Repayment : 2-4 cum-7 years; 6 cum above- years.
- E. Classification: If finance given to farmers –Direct Agl.Others –SSI.

Financing for Seri-Culture:

- Activities: (a) Mulberry cultivation (b) Silkworm rearing cocoon production (c) Reeling (d) Weaving.
- Classification: Activities upto cocoon production is classified under allied activity of agriculture. Post cocoon activities are classified under SSI.
- Types: Mulberry (Domesticated) Tasar (Forest type); ERIC (Domesticated) Murga (Forest type)
- Breeds:Univoltine (one cycle in a year); Bivoltine (two cycles in a year) Multivoltine.
- Stages:

FARM (STPL)

- A) Female Moth Eggs Disease free laying Brushing Hatching
- Or silkworm 400-500 DFSL 6-7 days
- 250-300 per Ha crop
- Mature Moulting Caterpillar Feeding on Larva
- Silkworm
- Transfer to Chandrikas cocoon formation
- Harvesting 5th day

Non-Farm (MTL)

- B) Cocoon Stifling Reeling Twisting Weaving
- (charkhas Cottage (giving tensile
- basins filatures strength)
- 6) Margin:25% Big Farmers. Others – subsidy can be treated as margin, where subsidy is not available 55 margin.
- 7) Repayment: Short Term Loan – 12 months; Medium Term \loan – 3-5 years.

Piggery:

- Unit size: 3 SOWS + 1 BOAR
- Breeds: Middle white yorshine, Hampshire: Esser Saddee back
- Purpose of loan: Purchase of pigs/ construction of shed water trough/feed trough/cost/medicines/vaccines cost.
- Repayment: 5-6 annual instalments with 12 months holiday period.

Sheep & Goat Rearing:

- Unit size: Sheep – 20 ewes + 1 Ram
- Goat 3 does + 1 buck or 10 does + 1 buck (stall feed condition)
- Breeds: Sheep – Deccani, Nellore, Bellary, Marwari, Garhwali, Khasi (Indig)
- Goats: Saane/Alphine Angora (exotic) Deccari/jamnapuri/Bellary (indig)
- Repayment: 5-6 years qrlly/half yearly instalments (12 months holiday)

Bee Keeping (Apiary):

- Purpose: (1) beehives (2) Honey extractor (3) Smoker (4) gloves and other equipment
- Repayment: 24 months with grace period of 6 months during off-season.
- PISCICULTURE (Fishery)
- Purpose : 1. For inland fishery schemes
- 2. For construction of ponds/nurseries
- For purchasing boats/nets/fish feed/fertilizers, supplementary feed
- For purchase of vehicles for transportation
- Godowns for storage.
- Varieties: Cattle/Rohn/Mrigal/Silver Carp etc.,



Agricultural Graduates Employment Scheme (Agrigems)

Objectives

- Lending support to tackle the problem of unemployment/under employment and also to exploit untapped potentials in Agriculture sector in one stroke through its self-employment scheme

'Agrigems' Guidelines:

- Graduates in the age group of 21-45 years in agriculture, veterinary sciences, horticulture, agricultural engineering, diary science, fisheries, forestry etc., who are desirous of being self-employed, with priority for unemployed.
 1. Those who have exposure/practical experience in the line of activity chosen are given preference
 2. Owning the land where the entrepreneur could set up his venture is desirable, though, not compulsory.

Eligible Activities:

- Finance may be provided for any agriculture oriented productive venture/expertise in rural/semi-urban areas.
 1. Rural veterinary clinics.
 2. Units of dairy, poultry and other animal husbandry activities
 3. Sericulture, floriculture and other horticultural crops
 4. Setting up of breeding farms, nurseries etc.,
 5. Inland fisheries/fresh water prawn culture -Ornamental fisheries
 6. Mushroom cultivation
 7. Seed production
 8. Agro processing
 9. Trading in fertilisers, animal feeds, pesticides
 10. Agro services centres.
 11. Bio-Fertilisers/pesticides.
- Besides, any productive and bankable ventures will get the financial support from the Bank. But, activities requiring

longer gestation may not be desirable particularly when they are proposed by unemployed graduates who have no substantial means for support.

Financial Support:

- need based credit limits not exceeding Rs.10 lakhs per technocrat
- credit limits may be considered for a group of graduates desirous of setting up joint ventures. In such cases, limits not exceeding Rs.10 lakhs per technocrats shall be considered.

Nature Of Facility:

- Medium term loan or working capital limits or both depending on the activity and its requirements.

Applicant's Share/Stake:

- 10% of the project outlay
- In respect of innovative projects, which may be decided by the bank from time to time, margin requirements may be released based on the merits of individual cases.
- Where project
- Site is owned by the entrepreneur, the cost
- Price of land may be reckoned towards margin.

Interest

- Applicable rate of interest as per Bank rules from time to time.

Security:

- Limits upto Rs.5 lakhs
 1. Assets created out of bank loan
 2. Third party guarantee acceptable to the Bank
 3. Mortgage or properties, wherever available.
- Limits above Rs.5 lakhs
 1. Assets created out of bank loan
 2. Third party guarantee acceptable to the bank
- Mortgage of properties covering atleast 100% of the loan exceeding Rs.5 lakhs (other than the assets created out of loan)

Repayment:

- Repayment programme will be decided taking into account, the income generation economic life of the asset, NABARD norms, etc.,
- The repayment period will normally be in the range of 5-7 years.

Training:

- Training shall be arranged to the selected candidates in the respective activities at any one of the institutions identified by the Bank.
- The cost of training can form part of the project cost.

Operating Area Of The Scheme:

- Any of the rural or semi-urban branches (urban/metropolitan branches also, provided the proposed unit is located in rural/semi-urban areas but within a radius of 25 kms from the financing branch) in the states of Andhra Pradesh, Tamilnadu, Karnataka, Kerala and UT of Pondicherry.
- ADV 64/95-96 dt:09 08 95 M2 S29



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Indian Bank Kisan Card Scheme

The card name has been changed from Kisan Gold Card to Indian Bank Kisan Card.

- All existing regular farmer borrowers.
- New farmers whose credit worthiness is satisfactory as per the assessment of Manager/RDO
- Only individuals are eligible.

Purpose:

- To meet the short term credit requirements for cultivation of seasonal annual and perennial crops based on the scale of finance.
- The post harvest/house hold requirements of the farmer at 105

of the limit fixed subject to a maximum of Rs.3000/- per annum.

Quantum of Loan:

The loan is to be arrived based on the cropping pattern proposed and the prevailing scale of finance for the crops proposed. The annual crop loan requirements are broken into seasonal sub-limit and the Maximum Permissible Limit (MPL) will be assessed as below:

- Seasonal limit of first season : A
- Seasonal limit of second season : B
- Seasonal limit of third season : C
- Maximum permissible limit: A+B (OR) B+C (OR) C+A whichever is higher plus 10% of the limit subject to a maximum of Rs.3000/- for post harvest/house hold requirements. Plus 20% of crop requirement as contingency to be apportioned at 10% in II and III year to meet the expected increase in scale of finance.

Documentation:

- The following documents are to be obtained. Hypothecation of crops (D68)
- No due/no overdue certificate from co-operative society (F127) and other financial institutions.
- Due date notice (F147)
- For additional security (wherever is applicable) Third party guarantee (D57)
- Equitable mortgage (D32/D33/D34/D34-A)
- Registered mortgage (D67)
- Creation of charge as per State Act (D65)
- Affidavit for nil encumbrance on land (D66)

Security:

i.	Without tie-up	Limit	Type of security
		Upto Rs.25000/-	Hypothecation of crops
		More than Rs.25000/-and upto Rs.40000/-	Hypothecation of crops, third party guarantee and mortgage of land
ii.	With tie-up	Limit	Type of security
		Upto Rs.45000/-	Hypothecation of crops
		More than Rs.30000/- and upto Rs.60000/-	Hypothecation of crops, third party guarantee and mortgage of land

ii.	With tie-up	Limit	Type of security
		Upto Rs.50000/-	Hypothecation of crops
		More than Rs.50000/- and upto Rs.75000/-	Hypothecation of crops, third party guarantee and mortgage of land

Nature of account:

- The nature of loan account is akin to cash credit in the form of running account with annual renewal.
- The rate of interest as applicable to the limit sanctioned will be charged as per rates prescribed for short term loans as per RBI directives from time to time.
- On all overdue/ defaulted accounts with limits above Rs.25000/- penal interest of 2% will be charged on the overdue portion and for the period of overdue to deter the borrowers from committing default.

Repayment:

- The Seasonal sub-limit for respective seasons should be adjusted within two months from the date of harvest of the crop and drawing limit should be accordingly marked in the cash credit ledger. (CO: Cir.ADV:102/98-99 dt;02 11 1998 M2 S21)



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NABARD

- The main aim of NABARD is to promote integrated rural development and to secure prosperity of rural areas.
- Established following recommendations of 'CRAFICARD' (committee appointed by RBI at the instance of Government of India in 1979).

Sources of Funds:

- Paid up capital, reserves, National rural credit fund, National rural credit (stabilisation) fund, deposits, market borrowings

- and borrowings from Government of India and RBI.
- Provides refinance against eligible term loans both in farm and Non-Farm sector.
- Refinance is available through ARS/SR.

Automatic Refinance Scheme (ARS):

- No permission from NABARD is necessary for IRDP, Biogas, Farm Mechanisation, SC/ST action plan categories.

Schematic lending (SR):

- Bank to formulate the scheme and get prior approval from NABARD.
- Schemes of Land Development, Allied Activities, Rural Electrification and Minor Irrigation will come under this category.
- Refinance is available for all loans under agricultural and allied activities.
- Loans under DRI are not eligible.

Farm Sector:

- Minimum period of loan: 3 years and maximum period of 15 years and in special cases upto 25 years.
- Promoter's contribution (margin)
- Small Farmers : Minimum of 5%
- Medium farmers : Minimum of 10% (7% for 2 or more farmers in group loans)
- Others : 15% (10% for group loans)
- Others (for pumpsets)
- Under minor irrigation): 10% - individuals 20% - corporate bodies

Extent of Refinance:

S.No.	Quantum of refinance (Purpose)	%
1.	Automatic Refinance facility	
a.	Traditional activities Dairy, Sheep, Goat, Piggery, Poultry, Inland Fisheries, Excepting Brackish water pond, Poultry Units, Plantation, Horticulture	70
b.	Work Bullocks, Bullock Carts, Animal Driven Carts, Bio-gas	70
c.	Minor Irrigation	90

2.	Project lending	
	I) MI	90
	II) Work Bullock, Bullock carts, Animal Driven Carts	70
	III) Schemes- other than above	70
3.	Farm Mechanisation (including combined harvesters)	70
4.	SC/ST Action Plan, ARWIND	100
5.	SHG	100
6.	IRDP	70
	I) MI	70
	II) Work Bullock, Bullock carts	70
	Bio-gas	
7.	Non-Farm Sector	
	I) Drip District	100
	II) Non-Drip Districts	90
8.	Externally aided project (WB assisted project)	90
9.	Waste land development where individuals are beneficiaries	
A.	i) Nursery Schemes, ii) Farm Forestry iii) Tree Patta scheme	100
B.	Dry Land development	100
C.	Forestry programme sanctioned to various corporations/corporates	70
Rates of interest on refinance with effect from 1.2.99		
	Upto Rs.25,000/-	8.5%
	Rs.25,000- Rs.2 lakhs	10%
	Rs.2 lakhs and above	11%
	SHG	6.5%
Rates of interest on minor irrigation other than Drip		
	Upto Rs.25,000/-	8.5%
	Above Rs.25,000/-	8.5%
Rates of interest for ultimate borrowers		
	Upto Rs.25,000/-	12%
	Rs.25,000/-Rs.2 lakhs	Not to exceed 13.5%
	Rs.2 lakhs and above	As decided by bank
Ceilings for ARF (per individual borrower)		
(Rs. In lakhs)		
Sector	Maximum project outlay	Max.refinance per individual
Farm sector	Rs. 25 lakhs	Rs.15 lakhs
Non-farm sector		
A. Composite loans	-	Rs.2 lakhs
B. Integrated Loans	No upper limit	Rs. 15 lakhs

	(investment in P&M not to exceed limit of Tiny industry Rs.25 lakhs at present)	
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SRTO

- Scope enlarged, loan assistance for public goods/passenger transport vehicles including LMV and autorickshaws having GVW upto 16.2 tonnes eligible for refinance support.
- RRBs are permitted to finance upto 2 vehicles to the non-target group borrower and 1 vehicle to target group borrowers.
- Advances made to clinics, nursing homes, pathology/radiology labs, including acquisition of medical equipment, set up in rural areas by professionally qualified self employed medical practitioners as eligible activities under NABARD.
- Refinance/Service sector. The interest on bank loans and refinance should not exceed the ceiling fixed under composite and integrated loan scheme.
- NABARD will extend the scope of SRTO schemes so as to cover acquisition of goods transport/tripper vehicles having GVW upto 16.2 tonnes under ARS.
- Margin 15% of the cost of the vehicles by the borrower.
- Refinance will be restricted to financing of 2 vehicles subject to a ceiling of 10 lakhs per borrower. Borrowers owning one vehicle will be eligible for one more vehicle. Repayment period is 5 years with a moratorium period of 6 months. It should be registered as a public carrier.

Criteria for NABARD Refinance:

- Year Cut off point for recovery % for unrestricted refinance
- 65%
- 70%
- 75%
- Refinance is to be claimed through the respective Regional Offices in our Bank.
- Loans covered under ARS; IRDP, SC/ST action plan, Bio-gas, Farm mechanisation, non-farm sector.
- Eligibility for drawal of refinance is linked to DCB position (recoveries) in the case of farm sector.
- Applications for drawal of refinance of should be submitted on a monthly basis. If the applications are submitted on a monthly, the amount of refinance claimed should not be less than Rs 2 lakhs under each such drawal application.

- Refinance payment: 8 years for minor irrigation loans (and 4 years for others). However, banks should fix repayment to borrowers as stipulated by 'NABARD' in half-yearly instalments.
- All assets acquired by the beneficiaries should be adequately insured.
- The loans extended to borrowers should be as per unit cost norms prescribed by NABARD.
- NABARD has allowed banks to charge a once for all evaluation fee of 0.5% of the cost of investment from the borrowers for meeting appraisal and processing charges of loan applications.
- Refinance sanctioned should be drawn as per sanction. Otherwise, commitment charges at 1/3% p.a on the shortfall as at the end of the year should be paid to NABARD.

Areif: NABARD Refinance-Agricultural and Rural Enterprise Incubation Fund:

- To enable voluntary agencies/non governmental organisation supporting rural enterprise to avail of bank credit, a special fund AREIF is set up with a purpose of Rs. 5 crores. Assistance in the form of refinance issue of guarantees will be available.
- Refinance to the banks will be provided from the fund for innovative schemes for farm/non-farm sector where commercial viability has not been established and where the project required support of flexible terms. For VAs/NGOs providing linkage support for rural NFs and having a good track record NABARD has decided to give selectively guarantee to the banks in lieu of collateral security. Application has to be made to OIC, RON/NABARD, alongwith details of project innovativeness, technological and commercial risks involved, banks assessment etc.
- Max Loan - Rs. 10 lakhs
- Refinance - 100% on farm and non-farm sector
- Grace period - Case by case
- Repayment - Max. 15 years
- Promoters - 10% of PC
- Interest - as per NABARD norms
- Security - Hypothecation/Other security
- For guarantee – Organisation is legal entity, working in rural areas for 3 years no discrimination on the basis of religious caste etc. not active in any political party, professional management etc. are necessary.
- NABARD refinance will be available for farm mechanisation

programme.

- Small tractors below 18 P.T.O. HP capacity, below 6 acres of irrigated land.
- Repayment in 12 years (as against 9 years).
- Subsidy 30% or Rs.30000 per small tractor and three implements including a trailer.
- Margin 15% over and above subsidy available
- Scope for custom hire incremental income etc. to be taken into account.
- The NABARD has revised its refinance rate structure for commercial banks, RRBs and the State Co-operative Banks. This revision has been done considering the upward movement in the prime lending rate of financial institutions and commercial banks. In case of advances, over Rs. 2 lakhs the refinance rate will be 3% below the rate charged by the bank.
- It may be recalled that NABARD has moved to floating rate regime in case of refinance rates for advances in this category, sometime last year. The refinanced rate was then pegged at 4% below the rate charged by the bank.
- The apex bank has also rationalised the quantum of refinance. Henceforth, NABARD refinance will be available uniformly for 50% of the loan extended by the bank. Hitherto, the quantum of refinance ranged between 50% and 100% depending upon the purpose, region and class of the beneficiaries. However, an exception has; been made in case of loans under the SC/ST action plan. Where 100% refinance will be available. Also, in case of externally aided projects such as the national seeds project, the apex banks has indicated that the existing percentage of refinance as specified in the relative agreements and as indicated in the sanction letter will continue to apply.
- NABARD has also made a minor revision in its refinance rates for RRBs and state cooperative banks. The quantum of refinance extended to these banks has also been rationalised at 80% of the bank loan.
- Earlier the quantum of refinance provided by NABARD to RRBs ranged from 75-100% However, as an exception, for farm mechanisation and for work animals and animal driven carts schemes, the quantum of refinance will be 60% of the bank loan.



Educational Loan Scheme for Computer Courses with Placement Assurance

Eligibility:

- Fresh Graduates or Post-graduates in any discipline.

Age:

- Not exceeding 25 years (relaxable by 5 years for SC/STs)

Income Eligibility:

- Family income should not exceed Rs.15000/- per month.

Course of study:

- Job oriented full time/part time courses in basic, Cobol, Fortran, c, Pascal, word processing, lotus 1-2-3, dbase III plus, training courses for O,A,B, and C level of the DOEACC syllabus or any other course in computer science applications, conducted by accredited institutions agencies approved/to be approved by the bank, for total duration not exceeding 18 months, to be followed with regular assignment/ employment.

Amount of Loan:

- Schedule of fees prescribed by the institute or three times of assured minimum salary whichever is less subject to a maximum of Rs.25000/- to be disbursed as a term loan.

Rate of Interest:

- Upto and inclusive of Rs.25,000/- 12.5%.

Loan limits:

- Upto Rs.6,500/- under DRI norms 4.25%

Margin:

- Depend upon the cost of study and loan eligibility.

Disbursement: Direct to the Institute.

Insurance:

- Can be waived upto Rs.10,000 above Rs.10,000 - LIC policy for face value upto the loan amount.

Repayment:

- 24 to 30 equal monthly instalments commencing from the calendar month, succeeding, the completion of training payable by the student. Periodical interest to be recovered from parent/guardian.

Sanctioning authority:

- CM/RM and above.



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Loan Scheme for Computer Courses to Salaried Class of Persons And / Or their Sons/Daughters Against Check-Off Facility

Eligibility:

- Confirmed/permanent employees of Government/semi Government/Public Sector/Reputed Private Sector undertakings willing to extend check-off facility and/or their sons/daughters who have passed +2 examination and above with atleast 60% marks in all subjects.

Income Eligibility:

- Family income should not exceed Rs.15,000/- p.m.

Course of study:

- Job-oriented full time/part time courses in basic, Cobol, Fortran etc. courses in computer science/applications conducted by accredited institutions agencies approved/to be

approved by the Bank, for total duration not exceeding 18 months.

Amount of Loan:

- As per schedule of fees prescribed by institution/agency for the course or three months gross salary or 25,000 whichever is less, subject to the take home pay being not less than 40% of gross pay, after providing for loan instalment.

Rate of Interest:

- Upto and inclusive of Rs. 25,000 - 12.5%

Margin:

- Variable in individual cases, depending upon cost of study and loan eligible.

Disbursement:

- Course fees will be directly remitted to computer institute/agency.

Insurance:

- Insurance can be waived for loans upto Rs.10,000/- for loans exceeding Rs.10,000 LIC policy for face value not less than the loan amount to be taken in students name and assigned in banks favour.

Repayment:

- Repayable in 24 to 30 monthly equal instalments commencing from the calendar month succeeding the date of disbursement besides periodical interest.

Securities:

- DPN, Educational Term Loan Agreement, Irrevocable letter of authority by salaried person to his employer for deduction and remittance for instalment to bank, from monthly salary.
- Undertaking by employer for deduction from salary and remittance to bank.
- Undertaking by employer for deduction from salary and remittance to bank.

- Undertaking by salaried person to repay quarterly interest as and when debited and LIC premium until liquidation of entire dues.

Sanctioning authority

- RM/CM and above.



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Consumption

Pure consumption loans granted to borrowers belonging to weaker sections as per ceiling listed below (Rs.)

General Consumption	150
Medical Expenses	500
Marriage Expenses	500
Educational Needs	200
Others	150

- Total finance for 2 or more purposes should not exceed Rs.1000/- per family

Margin Requirements:

Agricultural Loans (Both MTL/STPLS)	
(a) Limits upto Rs.15,000/-	No margin
(b) For others	-
(c) IRDP/DRP/SEEUY/SUME etc	-
Where subsidy is available	NIL
Other Priority Sectors: (a)Limit upto Rs.25,000/- (b)Limits Exceeding Rs.25,000/- (c)Housing loans upto Rs.5000/- SC/ST/EWS	NIL 15% to 25% 20% of cost of construction If labour is contributed by borrowers himself, such contribution can be treated as margin.



Housing Finance:

Direct Finance:

- Loans upto Rs.5 (as per latest credit policy) lakhs for construction of House granted to all categories of borrowers in rural areas and Rs.10 lakhs in Urban/Metropolitan area.
- Loans upto Rs.50,000/- for repairs to damaged houses granted.

Indirect Finance:

- Advances to any Government agency for construction of Houses where the loan component does not exceed Rs.5 lakhs per housing unit.
- Assistance given to any government agency for slum clearance and rehabilitation of slum dwellers where loan component does not exceed Rs.5 lakhs per housing unit.



Non-Farm Sector (Nabard)

- Refinance is available from 'NABARD' in respect of loans granted to small, tiny village and cottage industries in rural areas.
- Refinance is also available against loans granted to small scale service establishment and general support activities like restaurants, Xeroxing debase, typing activities etc. purely trading or business activities are however not eligible.
- Both the above types are covered under automatic refinance facility (ARF).
- Integrated term loans upto Rs.10 lakhs (including working

- capital for one operating cycle) are covered under 'ARF'.
- 70% refinance is available under 'ARF'.
- Refinance availability to non-farm sector loans is not linked to overdue position.
- Project outlay for the schemes covered under 'ARF' normally should not exceed Rs.15 lakhs.
- Except in the case of Artisans, the units should be located in areas where population does not exceed 50,000.
- Composite loans upto Rs.50,000/- are covered under 'ARF'.
- For artisans, loans upto Rs.12,500 for construction of sheds are eligible for refinance.
- Rate of interest : As per loan size(on loan)
- Refinance to be drawn within 12 months from the date of first disbursement of loan.
- Margins to be stipulated (minimum level)
- Composite loans : NIL
- SSI units – Loans upto Rs. 1 lakh : 5% of project cost
- Loans above Rs.1 lakh - 10% of project cost
- Indirect finance to SSI : 10% of project cost
- Project formulation and consultancy : 10% of project cost.
- Fees incurred by the borrowers (Refinance available upto Rs.10,000/-)
- 'Agro-Industries Projects' are covered under Normal schemes

Some Special Schemes:

Financing of Mobile Sales Vans:

- Not exceeding 2 sales vans can be financed. The loans including working capital for one operating cycle should not exceed Rs.10 .00 lakhs and project cost not to exceed Rs.15.00 lakhs.
- 100% refinance is available.
- Margin:5% for loans upto Rs.1lakh and 10% thereafter.
- Repayment: Max:7yrs, Min:3 years.
- The unit may be located anywhere but mainly rural non-farms products should be marketed by these units.

Financing Mobile/Static Carts/Kiosks:

- Cost of purchase, lease or construction of a mobile/static cart/kiosk can be financed.
- Loan should not exceed Rs.50,000/- 70% refinance is available.

Minimum Margin:

- Nil.

Repayment:

- Max. 10 years Min. 3 years.

Ancillary Units:

- Decentralised sector ancillary units (not above SSI level) can be assisted upto Rs.50,000/- by way of composite loans, or upto Rs.10.00 lakhs under integrated loan scheme under 'ARF'.
- Mother units are eligible for incentive from 'NABARD' on a selective basis against approved expenses either wholly or partly depending upon the case.
- The approved expenditure should be related to:
- Training for transfer of technology/know-how, upgradation of skills etc.
- Design development, drawings and quality control/testing
- Salary for one or two professionals, for 3 to 5 years, for organising and supervising satellite units.
- Compensation for a limited period not exceeding 5 years towards extra expenses incurred for transporting goods to and from the far flung rural based satellite units.
- Agro Industries: NABARD refinance is available in respect of loans granted to Agro-processing industries on a schematic basis irrespective of their
- Margin:25% of project cost; Debt equity ratio 3:1.
- Extent of refinance is subject to overdue norms as in farm sector.
- Max-repayment period: 10 years.

SRTOS:

- Borrower must reside in rural areas and the vehicle should be used for transport of rural farm/industrial products only. Pay load of the vehicle should not exceed 1 tonne.
- For LCVs and GVW can be upto 6 tons instead of 3 tons earlier.
- LCV=Light Commercial vehicle.
- GVW=Gross vehicle weight.
- Only new vehicles are to be financed and maximum number of vehicles permitted is 2 only.
- The loan is covered under automatic refinance facility.

- 70% refinance is available from 01.04.97.
- Maximum repayment period: 5 years.
- Margin: 15% of the cost of the vehicle.
- Units not covered under the existing schemes of NABARD
- Can be covered on a project basis selectively
- Unit must be located in a rural area (population not exceeding 10,000)
- Refinance is available for modernisation also
- Extent of refinance:70% margin: 25% of project cost: repayment Max. 10 years
- Soft loans assistance for margin money extended upto a maximum of 15% of project cost is also eligible for 100 % refinance free of interest. Banks can levy 1% to borrowers as service charges.
- Soft Loans Assistance to Wards Margin Money:
- Available for all the schemes under non-farm sector as also high tech projects export-oriented units and agro processing projects covered under farm sector.
- The loan will be restricted to:
- Actual shortfall in promoter's contribution
- or
- Rs.75,000/- (for units covered under 'ARF') and Rs.5 lakhs (all other schemes not covered under 'ARF') whichever is less.
- Banks can sanction and release the soft loan to eligible borrowers covered under 'ARF' prior sanction for 'NABARD' is necessary.
- Soft loan is interest free.
- Service charge of 1% p.a. can be collected from the borrowers
- Soft loan should be recovered along with the term loan in suitable instalments as per the relevant schemes
- Refinance available:70%
- With a view to supporting risky but potentially viable rural innovative ventures and also to enable voluntary agencies/non-governmental organisations, supporting rural enterprises to avail of bank credit, NABARD has set up special fund to be known as Agriculture and rural enterprise incubation fund (AREEIF) with a corpus of Rs.5 crores.
- The environment friendly projects like wasteland development, rainfed farming on watershed basis, etc. are eligible for 100% refinance support from NABARD.
- NABARD refinance for handloom/powerloom/ handicrafts:
- (Investment credit – ARF:
- Composite loan scheme: Refinance for loan upto Rs.50,000/- per borrower for financing block capital or working capital.
- Integrated loan Scheme: Maximum Refinance upto Rs.10 lakhs per unit with project outlay upto Rs.20 lakhs for

commercial banks and Rs.15 lakhs for others. Schemes beyond ARF limit and upto SSI limit are eligible for refinance.

Schemes for Handloom sector:

- Loans sanctioned for modernisation/acquisition of looms and construction of work sheds.
- Opening/renovation of marketing outlets.
- Opening/renovation of emporia.

Schemes for powerlooms:

- Financial assistance for acquisition of powerloom by individual/societies.
- Modernisation of powerlooms/GOI schemes formulated by MANTRA (Man made Textile Research Association).
- Assistance to banks for financing acquisition of old powerlooms for NTC by the workers of NTC opting for VRS.

Other Schemes:

- Assisting for setting up of units upto SSI limits to industrial co-operatives.
- Financing for mulberry and non-mulberry under sericulture.

Recent Policy Initiative by Nabard to Promote non-Farm Sector:

- Scope of automatic refinances facility is enhanced from Rs.7.5 lakhs to Rs.10 lakhs
- Ceiling for integrated loan scheme enhanced from Rs.7.5 lakhs to Rs.10 lakhs. The project outlay has also been enhanced from Rs.8.5 lakhs to Rs.15.00 lakhs.
- Scope of small road transport operators is enlarged to cover light commercial vehicles (LCVs) whose gross vehicle weight (GVW) does not exceed 6 times (jeeps are not covered)
- Formation of Agriculture and Rural Enterprises Incubation Fund (ARIEF) to support risky but potentially viable rural innovative ventures and also to enable voluntary agencies/non-governmental organisation supporting rural enterprises to avail bank credit.
- The IDBI has introduced a variable interest rate system for lending in addition to the fixed interest system. The new interest rate would be on the basis of percentage points over the long term prime lending rate (LTPR) which will be determined periodically. The IDBI has widened the scope of

the existing venture capital fund scheme by including wider spectrum of projects which are not necessarily technology driven and providing wider range of financing packages.

- Ordinarily assistance under the scheme will be available to ventures with project cost of Rs.5 crores. However, in deserving cases ventures costing above Rs.5 crores will be considered for assistance on merits. Assistance under the scheme will be available for financing cost of fixed assets, operating and market development expenditure and start up working capital, and selecting for core current assets, during commercial operations.
- Refinance Assistance extended by IDBI on the term loans granted by banks to industrial units (Non-SSI):
- IDBI will provide refinance assistance only in respect of term loans extended by banks to industrial units located in backward states like Orissa, Bihar, Jammu and Kashmir, North Eastern States and Himachal Pradesh.



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Ind Bank Housing Ltd.

- Joint venture of Indian Bank and HUDCO.
- Incorporated on 28.1.91
- Registered Office: Madras
- Functioning 13 branches including one in Hyderabad, Vizag.
- Helps build happy homes is the slogan

Aim:

- To help the borrowers to build own dwelling on liberalised assistance on condition of his income and repayment capacity.
- To extend loans/assistance for renovation/upgradation including major repairs.

Eligibility:

- Individuals, groups of individuals or members of co-operative societies including NRIs are eligible for housing loans. Any individual who does not own a dwelling unit is **ALONE** eligible. If salaried, the applicant should have put in a minimum service of 3 years.

Purpose:

- To finance the construction of house/flat or one under construction. To buy an existing house or flat which is not older than 15 years.
- No loan is available for purchase site alone or for repayment of existing housing loans or non-dwelling units.

Quantum:

- Depends on repaying capacity
- Minimum Rs.7500/- :Maximum Rs. 10 lakhs
- For upgradation/major repairs - Rs. 1,50,000/-

Margins:

- RESIDENTS NON RESIDENTS
- Upto Rs.50000/- 15% for any amount the
- Rs.50001/- to Rs.1 lakh 20% margin is 40%
- Above Rs.1 lakh ` 25%

Period of Loan:

Minimum 3 years:

- Maximum 20 years Minimum 5 years; Max 10 years

Insurance:

- The property should be insured against fire and other hazards.

Deposit Schemes:

Shree-Nivas Deposit (Snd) Fixed Deposit Scheme:

- Minimum deposit: Rs.1000/-; interest: as announced by IBHL from time to time

Ind-House Money Multiplier Deposit (Ihmd):

- Minimum amount Rs.1000/-
- Minimum period 13 months to maximum 84 months

Recurring Deposit:

- Minimum monthly deposit of Rs.100/- and multiples of Rs. 50/- thereof. persons in different states in India, it must bear the stamp duty of that state where it is signed first. It is then to be sent to the second state for the signature of the other person. If in that state, the duty on the document is higher than in the first state, the excess amount will have to be paid before the person in the second state signs it. The document should be sent to stamp office along with the amount of deficit stamp duty where it is certified.
- If the document is signed in one state and is to be acted upon in another state where the duty is higher, the deficit amount of stamp duty is to be paid in the state where it is to be acted upon within 3 months of its receipt in the latter state.

Loan to pensioners

- Limit will be Rs.10,000 or 3 months pension whichever is less.
- Funds clearance is not required and pension loans can be considered by branches themselves as per the guidelines irrespective of their NPA level.
- Gupta Committee Recommendations - Cash disbursements for agricultural loans The revised guidelines are as under.
 - i. In respect of STPL, loan should be disbursed in two

- instalments in cash. The second instalment may be released after ensuring the end use of first instalment.
- ii. In respect of MTL for purchase of machinery, cash disbursement upto Rs.10,000 may be made through the SB account of the borrower. Where the amount exceeds Rs.10,000, payment shall be made directly to the suppliers as per the usual norms.
 - iii. For other MTLs such as land development, digging of well, etc. disbursement can be made in cash in stages based on the progress of work.
- Sanction of advances in respect of accounts/group accounts where concession by way of waiver or/and write-off has been extended
 - The existing guidelines on the above subject stand modified as follows:
 0. For review/renewal or increase in limits, the proposals should be submitted to Management Committee as a one time measure.
 1. Subsequent to sanction by MC,
 - a. Further review/renewal or increase in limits upto 25% of sanctioned limits without any change in sanction terms relating to security can be done by the appropriate sanctioning authority. If change in sanction terms for security is envisaged, the same should be referred to MC.
 - b. Further increase in limits (Fund Based and Non-Fund based) in excess of 25% of sanctioned limits with or without change in sanction terms relating to security can be done only by MC.

Indian Bank consumer loan scheme:

- The scheme comes into effect from 1.11.98. The salient features are as follows:
 1. Any customer whether existing or new, properly introduced with impeccable credentials whose salary/income/ earnings is routed through his account.
 2. The articles eligible for purchase include consumer durables, white goods and vehicles.
 3. For salaried class the minimum loan shall be Rs.10,000 and the maximum loan shall be five times the monthly take home salary or Rs.25,000 whichever is less for purchase of white goods. for 2 wheelers and 4 wheelers, the eligible amount will be 5 times the

- monthly gross salary or Rs.3 lakhs whichever is less.
4. For professionals and others the maximum loan amount is limited to Rs.25,000 for consumer durable and white goods, and Rs.3 lakhs for 2 wheelers and 4 wheelers.
 5. A minimum of 25% margin shall be held.
 6. The rate of interest shall be PLR + 4% + Interest tax.
 7. Front end service charge of 1% on the advance amount besides processing charges
 8. Repayment in 60 EMI for 4 wheelers and 36 EMI in other cases.
 9. For non-salaried class, post dated cheques for monthly instalments covering repayment period should be obtained.
 10. Hypothecation of the articles purchased to be obtained as security.

Kisan Gold Card Scheme modified as Indian Bank Kisan Card

- The improvements over the Kisan Gold Card Scheme are as under:
 1. Limit fixed for 3 years and renewed/ reviewed every year in order to ensure meeting the timely credit needs of the farmers.
 2. One time documentation and simplified system of renewal
 3. Any number of credits/debits allowed
 4. Inclusion of post harvest/household requirements at 10% of crop cultivation expenses subject to a maximum of Rs.3,000 besides contingency provision of 20% of the card limit to meet escalation in cultivation cost.
 5. In the case of crop being affected by natural calamities, the loan amount could be rescheduled/ rephased as term loan and the farmer could operate the account as per the seasonal sub-limits already fixed.
 6. Sanction of jewel loans under non-priority/non-agriculture category It has been decided that non-priority/non-agriculture jewel loan can be introduced in all metropolitan and urban branches subject to the availability of requisite infrastructure. Authorisation for introduction of the jewel loan in metro/urban branches and branchwise allocation of limits will be done by ZMs. The salient features of jewel loans for non-agriculture purpose include the following:

Amount	Maximum Rs.50,000 per borrower. While there will be no minimum for rural and semi-urban branches, for metro/urban branches a minimum of Rs.5000 per borrower is prescribed.
Advance rate	Rs.260/- per gram on 22 ct. jewels or 70% of the market value whichever is less
Rate of interest	PLR + 4% + Interest tax
Period	Maximum of 1 year
Appraiser fee	25 paise to 30 paise per Rs.100 of the loan amount with a minimum of Rs.2.50

- Irrespective of the scale of the branch, BMs can exercise discretionary powers upto Rs.50000.
- Recommendations of Kapur Committee The 14 points requiring immediate steps/ensuring implementation are
 - i. Compliance of Nayak Committee recommendations and 7 point action plan.
 - ii. Use of prescribed loan application form
 - iii. Scrutiny of filled in application forms vis-a-vis check list
 - iv. Extending assistance to the applicants in filling up of applications.
 - v. Assessment of working capital requirements to SSI borrowers where fund based limits exceed Rs.4 crores (STBC method)
 - vi. Posting of Technically oriented direct recruits in specialised SSI branches (all SSI branches in our bank are posted with an IDO)
 - vii. Delegation of enhanced powers to specialised SSI Branches
 - viii. Entertaining SSI proposals of loan limit of less than Rs.5 lakhs (Sub sectoral allocation had already been communicated)
 - ix. Disposal of applications - within a fortnight for credit limit upto Rs.25000 and within 8 to 9 weeks in other cases.
 - x. Finer rate of interest (Credit Rating system is already introduced)
 - xi. Working skills of BMs/Officers/staff dealing with SSI sector and specialised SSI branches (branches can take up the training requirements with their respective Zonal Office/HO:SIFD).
 - xii. Machinery to look into complaints (already in place - branches/controlling offices are required to reactivate the machinery available)
 - xiii. Procedure for making complaints (Systems are already

in place)

- Discretionary powers for sanction of advances by a committee of CM and IDO at specialised SSI Branches
- A committee consisting of the CM and IDO of specialised SSI branch should be formed with immediate effect. The facilitywise discretionary powers vested in the above committee for various credit limits are given in the annexure to the circular. The specialised SSI branch should consider high value credit proposals of Rs.25 lakhs and above only.
- Bank advances to retail traders under priority sector
- RBI has advised that the present ceiling of bank advances under priority sector to retail traders is increased from Rs.2 lakhs to Rs.5 lakhs.
- Advance against D-mat shares
- The ceiling per borrower is Rs.20 lakhs
- The minimum margin is 25%.
- Priority Sector Advances - Credit deployment to SSI sector
- The ceiling on investment in plant and machinery of tiny enterprises/unit and small scale service/business enterprises (SSSBs) increased Rs.25 lakhs
- Fast Track - Quicker Assessment and sanction of credit facilities
- Fast track system for quicker assessment and sanction of credit facilities has been introduced as a strategy of marketing for standard corporate accounts. The eligibility criteria include,
 - a. Accounts of Public Limited Companies which are standard asset as on 31.3.97 and with fund based and non-fund based limit of Rs.5 Crore and above
 - b. Accounts in specialised/designated branches which report directly to Zonal Office.
- Accounts under Fast Track will be brought under joint appraisal by branch, Zonal Office and Head Office in case of Chennai Zone and by branch and Zonal Office in other Zones. In any case, the joint appraisal shall be initiated by ZM and completed and sent to the credit desk, at HO within 15 days of receipt of the applications at the branch in a cover marked 'Under Fast Track System'. In case of Zones other than Chennai, before commencing joint appraisal, a copy of the proposal shall be sent to Head office.
- The approach would be to avoid repetition of data/observation already covered by ZO. The over all time frame for decision taking will be 30 days. The joint appraisal team shall include (i) Branch Manager, (ii) AGM (Credit) at Zonal Office (and desk officer of Head Office for Chennai Zone). Party shall be called for discussion to get additional information / details, if

any.

- At Head Office, the proposals will be placed simultaneously for funds clearance. For the purpose of handling such proposals, it is proposed to have a Corporate Banking Division at HO.
- As part of Fast Track System, proposals may be taken up for consideration without latest audited balance sheet subject to the eligibility criteria as given below:
 - . Minimum current ratio of 1.33 consistently for last 3 years
 - a. Record of net profit after tax for last 3 years
 - b. Account to be serviced at designated/specialised branch
 - c. 'A' Grade rating as per the revised credit rating parameters. (Standard assets to be considered till new credit rating system stabilises) The Fast Track System comes into force with immediate effect.



Loans Against Gold Jewels for Agricultural Purpose:

1. Advance against primary gold is prohibited
2. Jewel should not bear any initial other than that of the borrower.
3. Quantum of loan should be as per scale of finance or Rs.50000/- per borrower whichever is lower. Non-priority Rs.50000 maximum.
4. Evidence of agricultural occupation viz., revenue records, tax receipts to be obtained
5. Jewel should not be of less than 22 carats gold.
6. Repayable within 2 months from date of harvest. Interest is added only on due date
7. Jewel loan should not be kept unadjusted beyond 24 months thereafter auction can be held with due notice.
8. Advance value per gram is calculated based on circular from CO (presently 70% of market value or Rs.260/- per gram whichever is lower), for loans granted to agricultural as well as non-agricultural purpose. The jewel loan against pledge of gold ornaments for agricultural purpose can be sanctioned by the branch manager upto the MDL even if the borrower enjoys other limits sanctioned by GK/ADB loan committee or other higher sanctioning authorities. Jewel loan for purpose of medical/education and repair of own house property of staff can be permitted by ZO/CO. Overdues under jewel loans category should be brought down to 3% of outstanding and there should not be any jewel loan account outstanding for more than 24 months. Dispensing with DPNs for Jewel Loans: Our HO has decided to dispense with the obtention of DPN (D1/D2) for jewel loans. The jewel loan application form (F-120) has been modified to this effect.
9. It can be granted for medium term upto 30 months.
10. Repayable Monthly/quarterly/hly. Instalments Adv:L55/95-96 dt:27 07 95 M2 S21

Loan Against Gold Ornaments for Medium Term Purposes:

- For purchase of milch animals, bullocks, farm implements, plant protection equipments, maintenance of irrigation

- systems, maintenance of orchard crops etc.,
- Quantum: Should not exceed the unit cost or 70% of the net market value of gold or advance value at Rs.260/- per gram., whichever is less. Rate of
- Interest: As per CO:CPGD circular from time to time.
Repayment: Repayable in 30 months from the date of sanction in Mly/Qly/Hly instalments.
- If no repayment is coming within 24 months, steps should be taken to recover the loan before 30 months by auctioning the jewels.
- Procedure: Landbased activities; Chitta and Adangal or equal land records.
- Others: Invoice/quotations etc.,



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Jewel Loan for non-Agricultural Purposes:

Branch managers can sanction upto Rs.50000 (irrespective of the scale subject to other guidelines)

Advance Rate: Rs.260/- per gram or 70% of the market value whichever is less.

Period: Repayable within 1 year.

Interest: PLR + 2+int.tax. Eligibility: Only to properly introduced customers.

Project Financing - Agriculture: Feasibility parameters:

BC Ratio	IRR	NPW	Feasibility
Greater than 1	More than lending rate	+ Positive	Feasible
1	Equal to lending rate	0	Marginal
Less than 1	Lower than lending rate	Negative	Not feasible

$$B C \text{ Ratio} = \frac{\text{Present worth of benefit}}{\text{Present worth of costs}}$$

- Net Present Worth = Present worth of benefits - present worth of costs. Internal rate of return (IRR): Lower of two discount Difference + between two discount
- Rate NPWO lower discount rate, differences between two discount rates--- IRR desired for project as per NABARD norms -15%-- IRR is to be calculated for economic life of project.



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Swayam Sewa-Self Help Group (Shg)-Credit Guidelines

- It is pilot project launched by Indian Bank during 93-94.
- As per the scheme, credit is to be provided directly to 'self help groups(SHG)' for onward lending to their members.
- Such credit should be used mainly for product and /or investment purposes.

Quantum of Loan

- A maximum of four times of the savings (members' savings plus interest earned by on lending the members' savings) mobilised by the group can be sanctioned as bank loan. OD limit can be enhanced only at yearly intervals, subject to the ceiling of one/group.
- Credit is intended to be used for production and investment purposes like purchase of inputs, repairs to farm machinery and small investment in dairy, poultry, sheep etc., and petty shop etc.,

Rate of Interest:

- Bank to SHG:12.5% including interest tax irrespective of the quantum of loan due to unrestricted refinance from NABARD.

Securities:

- Loan agreement signed by all the group members. No other collateral securities will be insisted upon. Blocked savings

which are converted as s'RIP' deposits can be pledged.

Repayment:

- 18 to 24 months. OD can also be granted.



Vidhya Nidhi Scheme (for studies in India)

Eligibility:

- Students with consistently good academic record, with 60% marks in the preceding public examination (relaxable to 45% for SC/ST students), are eligible to apply for Educational Loans from our bank, for further studies in India.

Course of study:

- Full-time Graduate/P G Course in Agriculture, Architecture, Medicine, Dental Science, Veterinary Science, Computer Science, PG courses in Industrial Management, Business Management, Management Science, MCA et., in regular colleges approved by the Government.

Period of study:

- Normally not exceeding 5 years.

Purpose of loan:

- To meet expenses on tuition fees, examination fees, hostel fees and books not covered by scholarships and grants from Govt and other sources and contribution from own sources.

Amount of Loan:

- Need-based finance upto a maximum amount of Rs.2 lakhs depending on the family income and capacity to repay.

Disbursement of loan:

- Disbursement of the loan will be made direct to the college/university.

Repayment:

- For loans upto Rs.1 lakh - in 42 monthly instalments and for loans above - in 60 monthly instalments, AFTER COMPLETION OF THE COURSE. Interest charged to the loan account should be paid regularly by the parent/guardian (who will also be the guarantor to the loan)

Rate of interest:

- As prescribed by the RBI from time to time.

Repayment holiday:

- A repayment holiday period of 6 months will be allowed from the date of completion of the course, or securing a job, whichever is earlier. Insurance can be waived for loans upto Rs.10000/-

Security:

- Guarantee by the parent/guardian of the student. For loans above Rs.10000/- LIC policy in the name of the student, the sum assured on which is not less than the amount of the loan, to be taken and assigned in favor of the bank. For loans above Rs.25000/- equitable mortgage of immovable properties or any other suitable collateral securities, to fully cover the loan. Sanctioning authority is Chief Manager and above.



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Vidhya Nidhi Scheme (for studies in abroad)

Eligibility:

- As in Vidya Nidhi Scheme - No concession is allowed to SC/STs in case of marks.

Course of study:

- Graduates/Post-Graduates courses with good employment prospects.

Period of study:

- Normally not exceeding 3 years.

Purpose of loan:

- As in Vidya Nidhi Scheme.

Amount of Loan:

- Need-based finance upto a maximum amount of Rs.5 lakhs depending on the family income and capacity to repay.

Disbursement of loan:

- Made direct to the College/University.

Repayment:

- In 96 monthly instalments, AFTER THE COMPLETION OF THE COURSE. Interest charged to the loan account should be paid regularly by the parent/ guardian (who will also be the guarantor to the loan)

Rate of interest:

- Rate of interest, repayment holiday, security.

Sanctioning authority:

- AGMs and above.
- LIC policy is to be taken as security and assigned in the name of the bank irrespective of the loan amount.

Security:

- As in Vidya Nidhi Scheme.



Security Norms

Agricultural Loans:

Investment loans where Movable assets are created	No Collateral security or Third party guarantee should be taken for loans upto Rs.25,000
For loans above 25000:	Hypothecation of asset purchased mortgage of land and/or third party guarantee wherever
Where movable assets are not created (eg.dug.well etc)	For loans upto Rs.10,000 Branches should not obtain or insist upon mortgage of land as security. For loans above 10000: Hypothecation of assets mortgage of land/third party gtee. Wherever necessary.
Crop loans	No collateral security or third party guarantee should be obtained for loans upto Rs.25,000/-.
Sericulture activity under national sericulture project	Mortgage of land/shed should not be insisted for projects costing upto Rs.20,000/-

Other Priority Sectors:

Housing Loan	Mortgage of property or Govt. Guarantee.
Consumption Loan	Guarantee of one more individuals or group of persons.
Educational Loans granted on clean basis (No asset is created)	Collateral security/third party guarantee may be taken.
Other priority sector advances upto Rs.25,000/-	No collateral security or third party guarantee should be taken

Insurance:

- In respect of both equipment and current assets no insurance need be taken against Fire and other risks where the advances is covered under DICGS scheme and the amount of advance does not exceed Rs.10,000/- However, it should not be waived where insurance is compulsory under law or is stipulated by refinancing agencies.

Weaker Sections:

1. Small marginal farmers, landless labourers tenant cultivators and share croppers.
2. Artisans, Village & Cottage Industries where individual credit requirements do not exceed Rs.25,000/-
3. IRDP Beneficiaries.
4. SC/STs
5. DRI beneficiaries
6. SUME beneficiaries
7. Beneficiaries under Swayam Sewa Project.
8. SLRS (Scheme for Liberation & rehabilitation of scavengers)

Penal Interest:

1. No penal interest should be charge for loans upto Rs.25,000/-
2. For limits over Rs.25,000/- penal rate may be levied at 2% over and above the normal rate of interest. Floating rate of interest which will be advised by HO should be charged if the credit limit is Rs.2 lakhs and above except in case of direct agricultural advances and all Govt. sponsored schemes

Advances given to sick units under rehabilitation are also exempted from penal or overdue interest.

Penal interest is chargeable in case of export finance if the proceeds are not received within the stipulated period.

Commitment charges:

- Borrowings enjoying working capital limit of Rs.1 crore and above are subject to a commitment charge of 1% on the full unutilised amount during the quarter.
- Disposal of Applications: Credit limit upto Rs.25,000/- within a fortnight. Above Rs.25,000/- within 8 to 9 weeks.
- Rejection of proposals: In the case of proposals from SC/STs

rejection should be at a level higher than that of branch managers. In other cases, the rejections should be verified subsequently by the regional managers.

Application Forms to be adopted:

- As finalised by Baldev Singh Committee for Agriculture Loans.
- As finalised by Naik Committee for SSI advances modified by Kapoor committee.
- As finalised by the Bankers Group appointed by IBA (for other than SSI & Agriculture). Application forms should also be made available in regional languages.
- Margin and security norms should be printed on the reverse of the application from itself.

Photographs of Borrowers:

- 3 copies of recent passport size photographs of all borrowers (literate/illiterate) should be obtained.
- In respect of advances to weaker sections irrespective of the limit and for other advances upto Rs.1,000/- bank should bear the cost.
- Staff loans, Loans/Advances against deposits, LIC Policies/Govt. securities, advances to partnership firms, limited companies and advances to reputed persons who can be easily identified are exempted from the requirement.
- Branches can incur upto Rs.15/- for this purpose where the cost is to be borne by the bank.

Charging of interest on agricultural loans - guidelines:

1. Interest on all agricultural advances should be charged at half yearly rests.
2. In respect of crop loans, interest should not be added to principal till the loan is due for repayment. In other words, interest can be added to principal only when the crop loan becomes due.
3. In respect of term loans, interest should not be added to principal till instalments fall due. In other words, during holiday/gestation period of term loan, interest should not be added to the loan account. Hence compounding of interest on current dues under direct agricultural sector should be avoided as its is a serious violation of RBI's instructions.

Service Area Approach

1. Service area approach is a new strategy to optimise the productivity of lending by banks.
2. Based on the recommendations formulated by Dr.P.D.Ohja, Deputy Governor of RBI. The implementation was effected from 1st April 1989.
3. The objectives of SAA strategy are:
 - a. Improving the quality of lending.
 - b. Increase production.
 - c. Increase productivity and proper recycling of bank credit and improvement recovery and harmonise the efforts of bank for rural development agencies in the area.