

**THE SOUTH KANARA GOVERNMENT
OFFICERS CO-OPERATIVE BANK LTD.**

DONGERKERY ROAD, MANGALORE 575 003.

LOAN POLICY

**THE SOUTH KANARA GOVERNMENT OFFICERS CO-OPERATIVE BANK LTD.
DONGERKERY ROAD, MANGALORE 575 003.**

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LOAN POLICY

1. Preamble :

Co-operative Banks as financial intermediaries accept deposits from general public. These funds mobilized are invested in loans, investments and other securities. The credit provided by co-operative banks is an important driver for growth, more particularly the rural, semi urban and urban areas. Loan assets constitute the major portion of the earning assets and incidentally are the major source of income for the banks. While dispensing credit, co-operative banks have to thoroughly examine the inherent risk element in a credit proposal to contain them to manageable levels.

The lending also should not result in asset liability mis-match. There is also a need not only in ensuring maintenance of liquidity and to fund the creation of the assets but also to enhance the value of stakeholders by increasing profitability. The situation emanating there from warrants clear written and unambiguous line of communication containing ceiling levels, the standard of appraisal, the decision-making powers and the premises under which the decision should be taken.

Under the liberalized and decentralized environment, the Reserve Bank of India has advised to have a clear cut written down policy for every activity of the Bank, more so for advances. A loan policy is the Bank's vision document with regard to loans and advances for the ensuing year. The loan policy should be reviewed annually and necessary modifications based on past experience vis-à-vis projections thereof should be incorporated. The policy should serve the purpose of guiding the Bank's staff while dealing with loan portfolio during the year. The policy reflects the bank's philosophy of granting advances on a sound and realisable basis taking into account the size of operations, membership and the area in which the Bank operates. The policy, however, is subject to instructions issued from time to time by the RBI in the matters of lending and provisions of bye-laws.

2. Objects:

The loan policy of the bank seeks to achieve the following objects:

- a. To ensure the safety of funds, maintaining the availability of funds to meet the demands of the depositors and so also to fund for creation of assets.
- b. To enhance the value of shareholders by judiciously deploying the funds in loans to enhance profitability with minimal risks.
- c. To ensure compliance with instructions issued by Reserve Bank of India/ Co-operative department from time to time.

- d. To identify and anticipate the genuine credit requirements of the borrowers for their productive purposes thereby retaining existing good borrowers and attracting new ones to our fold.
- e. To address the ceiling levels, the standards for appraisal, decision making powers at different levels of hierarchy, the documentation standards and the premises on which the lending decisions should be taken by the managers/ credit officers at various levels both at Branches/ Head Office.
- f. To serve as a reference point for the borrowers catering to their genuine credit requirements.
- g. The objective of this loan policy is not restrictive and it is flexible to capture potential business opportunity of the Bank.
- h. To provide Loans to Salary Earner borrowers at a reasonable rate of interest. (who are regular in repayment. . Irregular Borrowers should pay penal interest on total outstanding amount of loan till account becomes regular).

3. Authority:

The loan policy shall be framed and approved by the Board. The Board is the authority to amend, add, delete, and modify any terms / conditions referred there in.

4. SCOPE AND AVENUES

4.1 The business capacity/ character of the borrower are a prime/ crucial factor in selecting the right type of borrower. A good security offered by a borrower does not offset the weakness of his character. The security does not make a bad loan a good one but makes a good loan even better. The acceptability of the security shall be dependant upon its marketability, ascertainability, stability and transferability. A comprehensive study of the borrower's characters, capacity to repay, capital, condition of venture and collaterals has to be made. The integrity of the borrower is of prime consideration.

4.2. Taking into account the above aspects the composition of credit shall be:

- a. Funded Exposure – The funded lending shall be by way of term loans and working capital loans.
- b. Non-funded Exposure – The non funded lending shall be in the form of Letters of credit, guarantees, etc.

4.3. Compliance with the instruction/ directives issued by the Reserve Bank of India from time to time, provisions of the Banking Regulation Act, 1949 (AACS), the Karnataka Co-operative Societies Act, 1959 and rules there under, byelaws of the Bank in the matters relating to loans and advances shall be ensured.

4.4. Purpose

The loans and advances may generally be granted for promotion and growth of employment, self-employment, trade, commerce, development of small and medium industries, education, purchase, construction, repairs and renovation of house/ residential buildings and such other bonafide purpose acceptable to the bank.

4.5. Security

The loans and advances granted in the following forms; namely term loans, hypothecation/ pledge/ mortgage/ Clean cash credits and bills/ cheques purchased/ discounted. These loans shall be granted against the security/ securities mentioned here below and/ or such other security/ securities approved by the board or without securities.

- a. Loans on the basis of undertaking by Pay Drawing Officer.
- b. Loans against bank's Term Deposits
- c. Loans against security of National Savings Certificate or other Government Securities
- d. Loans for household articles and consumer durables
- e. Loans against security of gold ornaments
- f. Loans against mortgage of land and building
- g. Loans for purchase or construction of house
- h. Loans against security of motor vehicles

5. Exposure Limit:

5.1 General:

- a. The sanction of loans and advances should be within the exposure limit for both individuals and group under the same management that may be fixed by the Board at the end of each financial year based on the audited financials of the previous year. In view of the linking of shareholding to lending, accretion to or reduction in the share capital after the balance sheet date may be taken into account for determining exposure ceiling at half-yearly intervals, with the approval of Board of Directors. Accordingly bank may, if required, fix a fresh exposure limit taking into account the amount of share capital available as on 30th September. However, accretion to capital funds other than to share capital, such as half-yearly profit etc., will not be eligible for reckoning the exposure ceiling.
- b. **Meaning of Group and individual:** The group to which a particular borrowing unit belongs may be decided by the bank on the basis of information available in regard to commonality of management and effective control. The different firms with one or more common partners engaged in the same line of business, viz. manufacturing, processing, trading activity, etc. shall be deemed to be connected

group. The units coming under common ownership shall be deemed to be a single party.

- c. **Meaning of Credit Exposure:** Exposure comprises both credit exposure (loans and advances and investment exposure (Non SLR), funded and non-funded credit limits and underwriting and similar commitments. The sanctioned limit or outstanding whichever is higher shall be reckoned for arriving at credit exposure limit. Further, in case of fully drawn term loans, where there is no scope of re-drawal of any portion of the sanctioned limit, bank may reckon the outstanding for arriving at credit exposure limit. However, loan against bank's deposits is exempted from exposure ceiling.
- d. **Capital Funds:** The exposure ceiling in terms of Reserve Bank of India instructions is linked to capital funds. The "Capital Funds" for the purpose of exposure norm would comprise both Tier I and Tier II Capital as defined for arriving at Capital to Risk weighted Assets Ratio (CRAR). As per the existing norms, the exposure ceiling is 15.0 per cent of the capital funds in the case of individual borrower and 40.0 per cent of the capital funds in the case of group borrowers.
- e. **Bank's exposure limit:** Exposure Limit should not exceed prevailing RBI Guidelines.

5.2

5.2 (a) Exposure limit to Housing/Real Estate/Commercial Real Estate – 10% of total assets excluding intangibles/losses/other contra items as at 31st March of immediate preceding financial year.

Plus

Additional 5% of total assets as defined above, as Housing Loans to individuals up to **Rs.30 lakh. However**, cash credit sanctioned to small building contractors is exempt from prudential limit.

Excess exposure if any, under these two sectors has to be aligned in tune with RBI directive as and when required.

5.2.(a) (i) Individual Housing loan: The housing loan should not **exceed Rs.30 lakh** per borrower. The ceiling on loans to individuals for carrying out repairs / additions / alterations to their dwelling units **is Rs.2 lakh in rural and semi-urban areas and Rs.5 lakh in urban areas.**

5.2 (b) Unsecured Loan:

Maximum limit of unsecured loan **is Rs.14 lakh** per individual or limit fixed in the bye laws of the Bank whichever is higher. Being a Salary Earners Bank loans will be

sanctioned on the basis of the Pay structure of the Member as detailed in the Bye laws of the Bank. The Maximum tenure of the **loans are 10 years**.

5.2 (c) Other restrictions:

- a. No loan against bank's own shares.
- b. No finance to NBFCs, other than those engaged in hire - purchase / leasing.
- c. No advances against FDRs of other banks.
- d. No Bridge Loans/Interim Finance.
- e. No loans to Public Sector Undertakings/ Government Undertakings

5.3 Granting Loans and Advances to Directors and their Relatives:

Being a Salary earners Bank Loans may be granted to Directors and their Relatives at par with the other Members.

5.4 Definition of a 'relative'

A person shall be, deemed to be relative of another, if and only if :

- a)** they are members of Hindu Undivided Family; or
- b)** they are husband and wife; or
- c)** the one is related to the other in the manner indicated below:
 - i. Father
 - ii. Mother (including step- mother)
 - iii. Son (including step- son)
 - iv. Son's wife
 - v. Daughter (including step-daughter)
 - vi. Daughter's Husband
 - vii. Brother (including step-brother)
 - viii. Brother's wife
 - ix. Sister (including step-sister)
 - x. Sister's husband

5.5 Advances to Nominal Members and Associate Members:

The **loans including gold loan up to Rs..5 lakh (Rs.2 lakh in case of bullet payment for gold loan) may be sanctioned** to nominal members for short / temporary period. The total borrowing nominal members should not exceed 20% of regular members. Though there is no separate restriction on lending to associate members, the number of associate members should not exceed 15% of total membership.

5.6 Loan against gold ornaments: The individual limit for loan against gold ornaments is Rs.5 lakh. (Rs.2 lakh in case of bullet payment for gold loan) The bank should fix monthly/quarterly instalments for repayment of gold loans for non-agricultural purposes taking into account the pattern of income generation and repayment capacity of the borrowers. However, for gold loan up to Rs.2.00 lakh, the facility of bullet payment of both interest and principal at the end of twelve months may be permitted. The period of advance against gold ornaments under bullet payment should be restricted to 1 year.

6. SANCTIONING PROCEDURE

- 6.1** Any application seeking loans and advances should be in the prescribed application form and submitted to the concerned branch where the borrower proposes to avail the loan.
- 6.2** The loans may be granted only to the parties known to the bank or to such parties introduced by the known parties.
- 6.3** The financial assistance by way of loans and advances can be extended only to a "member" admitted in compliance with the provisions of the Karnataka Co-operative Societies Act, 1959, rules there under and byelaws of the bank subject to fulfilling other criteria, subject to the compliance with the instructions/directives issued by Reserve Bank of India from time to time and based on generally accepted principles and practices of banking.
- 6.4** The securities offered towards the loan shall be got pledged/ hypothecated/ assigned/ mortgaged/ charged in favour of the bank before disbursement of loan. Where there exist prior charge of any other bank/ financial institution/ any other society or person such a charge should be discharged before sanctioning/ disbursement of loan, or loan should be granted for discharge of any previous lien. In such cases lien in favour of the Bank should be created immediately with our fail. In short, the bank should have the prime or foremost charge on the assets/ properties offered as security towards loan.
- 6.5** The assets charged either moveable/ immovable wherever applicable should be insured adequately against risks like fire, strike, riots, accident, earthquake and such other perils with usual "bank clause" and any cost or expenses towards the same shall be borne by the borrower.
- 6.6** In the case of vehicle loans, the charge in favour of bank in the Registration Certificate (RC Book) with the Regional Transport Office and also should be comprehensively insured with usual "bank clause" and hypothecation of the bank displayed on the vehicles used for commercial purposes. The vehicle hypothecated shall be comprehensively insured. In case of the Borrower fails to insure his vehicle, he solely liable to make good of losses which Bank may suffer.

- 6.7** The bank may consider finance for the purchase of new machineries, equipments, vehicles etc., against the proforma invoice issued by the authorised dealers/ manufacturers, which is not more than one month old. The loans may also be considered against second hand vehicles etc., not older than seven years from the year of manufacture/ registration shall be based on the valuation/ distressed sale value given by an approved valuer. Such valuation by the approved valuer shall not be older than six months. In case of second hand vehicles maximum sanction amount should not exceed 50% of such valuation.
- 6.8** The legal opinion as to the title to the owner of the property shall be ascertained from the bank's advocate/ bank's empanelled advocate.
- 6.9** The assets either moveable/ immovable offered as security shall necessarily be in the name of the borrower/s and in case the applicant offers the assets/ properties belonging to a third party/ ies, the owner of such asset/ property shall join the applicant as co-borrower/s.
- 6.10** No loans and advances should be sanctioned without maintaining sufficient margin.
- 6.11** The Board may delegate the powers to sanction the loans and advances up to certain limits to the Loan/Credit Committee, The Chief Executive Officer and other Officers at Head Office and so also to the Branch Managers. The powers delegated to them shall be exercised judiciously in protecting the interest of the bank. Sanction within the discretionary power should be reported to Head Office.
- 6.12** *Housing Loans for purchase/construction of dwelling units shall be considered for sanction taking into account the guidelines formulated by Bureau of Indian Standards under National Building Code of India (NBC) 2005. The NBC contains all the important aspects relevant to safe and orderly building development such as administrative regulations including sanction plan, fire safety requirements, stipulations regarding quality of materials, structural design and construction including safety, plumbing devices etc., Adherence to NBC will be advisable in view of the importance of safety of the buildings especially against natural disasters.*
- 6.13** Upfront disbursement should not be made in cases of incomplete / under-construction / green field housing projects.

7. ADMINISTRATION OF CREDIT

- 7.1** The loan applications shall be appraised in accordance with the prescribed formats for different types of loans and advances.

7.2 The credit appraisal methods used shall focus mainly on the assessment of repayment capacity of the borrowers, which generally depends upon the cash generating ability of the unit. While considering the credit facilities for trade and industry, the ratios pertaining to liquidity, activity, profitability and leverage shall be considered.

7.5 Period of loan

- a. The financial facilities given by the bank shall be for a specific period. It may be either for a short term repayable in up to 15 months, medium term repayable in above 15 months and up to 60 months and long term loans repayable above 60 months. It shall be ensured that the period of repayment shall be based taking into account the nature of security either primary or collateral offered for the loans, repayment capacity etc.
 - b. The maximum period for various loans are as detailed here below:
 - i. Loans against Term deposits and NSC, KVP and other Government Securities – co terminus with maturity period of deposit, NSC, KVP etc.
 - ii. Loan on the basis of undertaking from Pay Drawing Officer – 10 years
 - iii. Household articles and consumer durables – Five years
 - iv. Gold Loans – Bullet payment one year and Installment for twelve months.
 - v. Mortgage of property – House Construction/ purchase – twenty years
 - vi. Mortgage of property – House repairs/ renovation - twenty years
 - vii. Mortgage of property – Business/ Domestic – Fifteen years
 - viii. Vehicle Loans – Six years
 - ix. Personal sureties – Ten years
 - c. The Working Capital loans in the form of Cash Credit/ Overdrafts and Bills Purchased/ Discounted limits shall be for a period of one year on a renewable basis.
- 7.6 Installments for the loans shall be fixed taking into account the source of income, repayment capacity etc. Gold loan upto Rs. two lakh per borrower may be allowed bullet repayment including interest.

7.7 Pricing

- a. Rates of interest for various types of loans shall be fixed with the approval of the Board from time to time taking into account the cost of funds, other cost, provisions required to cover the loan losses and then maintaining a spread of not less than half per cent except for advances against term deposits and advances to the members of staff. Rate of interest on loans are fixed type for all loans (no floating rate)

- b. In the case of overdue loans the bank shall charge penal interest on **Loan at 3 per cent over** and above the rate of interest fixed by the bank for that particular loan. Penal Interest is levied on the total outstanding amount of the particular Loan, penal interest is levied till the account become regular. In case of Borrower submits to the Bank regarding non payment of Salary for the particular period along with the supporting documents. bank may consider to waive penal interest. In case of death of Member his legal heirs may apply for waiver of Penal Interest which Bank may consider on the merits of the application. In case of a Member who is suffering from serious Medical issues (either Decease or Accident) and undergoing Medical Leave, loss of pay etc may apply for waiver of penal interest which may be considered at the discretion of the Bank
- c. The interest on loans and advances shall be calculated at the agreed rate on daily product basis on reducing balance method. When interest on any loan or advances or part thereof is due from a borrower, that amount shall be recovered by the bank first from the amount that is paid into the bank on behalf of the borrower towards interest first before crediting any amount towards the principal.
- d. No foreclosure charges/ pre- payment penalties on all term loans sanctioned to *individual borrowers*.
- 7.8 Any actual expenses on account of postage, incidental charges and expenses incurred towards inspection visits shall be borne by the borrower. In case of default, the legal expenses, arbitration fees, and such other expenses incurred in connection with the recovery including advocates fees and all other related expenses shall also be recovered from the borrower.
- 7.9 In the case of corporate advances where the credit requirements are high, to minimize the risk, the bank can also consider entering into consortium with other banks/ financial institutions.
- 7.10 **Limits**
For all Loans maximum limits are the limits prescribed in the bye laws of the Bank.
- 7.11 **Sanctioning Powers**
The powers to sanction various types of loans as per the powers delegated by the Board shall be as under:

a. Branch Manager --

Sl. No	Nature of Facility	Amount
1	Loan against bank's deposit	80% of Deposit amount including accrued interest
2	Gold Loan	upto Rs. Five lakh
3	Unsecured Surety Loan	Upto Rs.1.5 lakhs

a. Chief Executive Officer: --

Sl. No	Nature of Facility	Amount
1	Personal Loan	upto Rs.1.50 lakh
2	All other loans	upto and inclusive of Rs. Five lakh

c. Credit Committee :

- i. Ratification/ noting of all loans sanctioned by Branch Managers and Chief Executive Officer.
- ii. All loans up to and inclusive of Rs. 14 lakh.

d. The loans and advances sanctioned by Branch Managers, Chief Executive Officer and Credit Committee shall be ratified/noted by the Board in the immediately subsequent meeting.

7.12 Documentation

- a.** Necessary and requisite documents, any other statements and records as per the observation in the Head Office Scrutiny Note and other requirements insisted upon by the sanctioning authority and so also as prescribed in the loan rules for the specific loans and loans sanction order shall be got executed by the borrower and sureties.
- b.** The documents and all related papers will be kept in the custody of the Bank.

7.13 The criteria/ eligibility of loan amount shall be determined by the Board from time to time depending upon the repayment period, rate of interest, security offered, risk factors concerning the business/ unit, income generation capacity of the borrower.

7.14 The income of the family members of the applicant i.e., spouse, children and their spouse can be considered for the purpose of ascertaining the repaying capacity of the applicant provided that they are giving their consent to join the loan either as co-borrower/s, surety/ies and join the applicant in execution of the documents and further that the documentary proof shall support the income declared.

- 7.15 The legal opinion/ valuation of property should be obtained from the advocate/ valuers whose name is included in the panel of advocates/ valuers and they should provide the opinion/ report in the format prescribed by the bank.
- 7.16 Income Recognition, Asset Classification and Provisioning shall be made as per the circulars/ instructions issued by the Reserve Bank of India from time to time.
- 7.17 The loans and advances shall not be made to any persons or entities that are engaged in anti social activities and loans to establishments who have employed child labour should be discouraged.

7.18 Moratorium

- a. In the case of term loans for housing purpose i.e., for the purpose of construction of house, repairs, alterations etc., the moratorium or repayment holiday may be granted at the option of the loanee or till completion of construction or 18 months from the date of disbursement of first installment of the loan whichever is earlier.
- b. In the case of term loans other than referred to in clause (a) above for installation / commissioning of machineries, construction of commercial complexes, hotels etc., the moratorium or repayment holiday may be granted at the option of the loanee or till completion of construction or 24 months from the date of disbursement of first instalment of the loan whichever is earlier.
- c. The period of repayment of loan shall however be inclusive of the moratorium period or such repayment holiday. The repayment holiday will only be in respect of payment of installment of principal.

7.19 Restructuring of Advances

A restructured account is one where the bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Restructuring of advances should be done only in deserving cases after satisfying the viability of the project. Income Recognition, Asset Classification and Provisioning shall be made as per the circulars/ instructions issued by the Reserve Bank of India from time to time. The accounts classified as 'standard assets' should be immediately re-classified as

'sub-standard assets' upon restructuring. The non performing assets, upon restructuring, would slip into further lower asset classification category as per extant asset classification norms with reference to the pre-restructuring repayment schedule. However, the asset classification prevailing at the time of restructuring can be retained subject to following conditions:

- i) A standard asset is restructured within 90 days from the date of receipt of application from the borrower.
- ii) The account is fully secured.
- iii) Personal guarantee is offered by the promoter.
- iv) The repayment period of the restructured advance including the moratorium, if any, does not exceed 10 years, except housing loans.
- v) The restructured housing loans would be assigned additional risk weight of 25 percentage points over the prescribed risk weights.
- vi) Provision is made for diminution in the fair value of restructured advances.
- vii) Promoters' sacrifice and additional funds brought by them should be a minimum of 15% of banks' sacrifice.
- viii) The restructuring under consideration is not a repeated restructuring.

All restructured accounts which have been classified as non-performing assets upon restructuring, would be eligible for up-gradation to the 'standard' category after observation of 'satisfactory performance' of one year from the date of commencement of restructured repayment schedule. In case, however, satisfactory performance after the revised due date of payment is not evidenced; the asset classification of the restructured account would be governed as per the applicable prudential norms with reference to the pre-restructuring payment schedule.

7.20 Bills purchase/ discount

- a. The Bank should purchase / discount / negotiate bills under LCs only in respect of genuine commercial and trade transactions of our borrower constituents who have been sanctioned regular credit facilities by the bank.
- b. Accommodation bills should not be purchased / discounted / negotiated by bank. The underlying trade transactions should be clearly identified and a proper record thereof maintained at the branches conducting the bills business.
- c. Before negotiating the bills under LCs, the genuineness of the LCs should be ascertained from the LC issuing bank.

7.21 Recoveries and Rehabilitation:

The procedures for follow-up of recovery of loan shall be as follows:

a	1 st Notice to be sent	Where the account become overdue by one month (Notice to be sent within 45 days from the date of the account becoming overdue)
b	2 nd Notice to be sent	Where the account become overdue by 2 months (Notice to be sent within 45 days from the date the account becoming overdue)
c	3 rd and Final notice	Where the account become overdue by 3 months (Notice to be sent within 45 days from the date of the account becoming overdue)
d	In case of vehicle loan Vehicles to be seized	Where the account become overdue by 4 months
e	Case to be filed	If the account becomes overdue for more than 6 months.(If any payment received in previous 3 months bank may consider providing further time instead filing dispute)
f	Execution	Within 90 days from the date of receipt of award. In case of accounts for which frequent repayments in previous 6 months.

- i. Notice of recalling the advance is to be issued if any of the terms and conditions is not fulfilled.
- ii. Auction of property / assets charged should be conducted immediately after one year from the date of default or 6 months from the date of receipt of award / execution. However, on positive response from the defaulter, the appropriate authority should be appraised and approval has to be taken for any postponement of the recovery action to be taken.
- iii. Action should be initiated under any other provisions of the applicable act.

7.22 Diversion of Funds: Diversion of funds would be constructed to include any one of the under-noted occurrences:

- (a) utilization of short-term working capital funds for long-term purposes not in conformity with the terms of sanctions;
- (b) deploying borrowed funds for purposes / activities or creation of assets other than those for which the loan was sanctioned;
- (c) transferring funds to the subsidiaries/group companies or other corporates by whatever modalities.
- (d) routing of funds through any bank other than the lender bank or members of consortium without prior permission of the bank;
- (e) investment in other companies by way of acquiring equities / debt instruments without approval of the bank;
- (f) short fall in deployment of funds vis-à-vis the amounts disbursed /drawn and the difference not being accounted for.

7.23 Willful Defaulter:

No additional facilities be granted to the willful defaulters. A willful defaulter is one if any one of the following is noticed:

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

7.32 Share Linking:

The share linking to borrowings should be as per Share Linking Policy approved by the Board.

8. Filing of Security Interest in CERSAI:

The Bank should file following charges with CERSAI on ongoing basis.

1. Immovable property by mortgage other than mortgage by deposit of title deeds
2. Hypothecation of plant and machinery, stocks, debts including book debts or receivables, whether existing or future.
3. security interest in intangible assets Security interest in any 'under construction' residential or commercial or a part thereof by an agreement or instrument other than mortgage.

9. GENERAL

- 9.1 The Board shall from time to time define the aspects relating to the credit management, supervision, control of the loan portfolio, delegate authority, responsibility and fix accountability in respect of all the officers including Chief

Executive Officer and other officials related to credit as per the provisions of byelaws and other applicable acts and rules.

9.2 The loan policy should be reviewed at least once in a year or such other regular intervals to match the prevailing market conditions, risks, asset liability management and such other relevant factors concerning the credit management and to comply with the directives/ guidelines issued by Reserve Bank of India from time to time.

9.3 Minimum and maximum interest rate on advances should be displayed at branches for the information of the customers.

9.4 Unique Customer Identification Code should be noted in system and assets and liabilities of the borrower may ascertained periodically.

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**STAFF ACCOUNTABILITY
POLICY**

**THE SOUTH KANARA GOVERNMENT
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