

MSME Credit Policy

1. The Policy shall guide the Bank's MSME Advances as defined by RBI from time to time. The Policy shall also be applicable to the Bank's MSME Advances as defined by it from time to time. At present, the Advances to units with turnover upto Rs. 100 crore are treated as MSME Advances. Any parameter that is not detailed in this policy, shall be guided by Bank's Credit Policy from time to time.

2. Bank is committed to the Code of Conduct given by The Banking Codes and Standards Board of India (BCSBI) for Micro & Small Enterprises, released on May 31,2008. The Code of Bank's Commitment to Micro and Small Enterprises (MSE Code) is a voluntary code, which sets minimum standards of banking practices for banks to follow when they are dealing with Micro and Small Enterprises (MSEs) as defined in the Micro Small and Medium Enterprises Development (MSMED) Act, 2006. It explains norms that banks are expected to follow while dealing with MSEs for day-to-day operations and in times of financial difficulty.

3. The Bank would adopt cluster-based approach for financing MSME sector in line with RBI guidelines.

4. The cases under the Government Sponsored Schemes shall be processed, sanctioned, disbursed and monitored at the Branch level as per the extant Delegation of Powers and the processes/procedures defined by the Bank from time to time.

5. The Bank would comply with RBI guidelines issued from time to time in respect of Rehabilitation of Sick MSME units and Debt Restructuring.

6. The Bank has been actively engaged in providing a major thrust to financing of MSMEs. With a view to improving the credit delivery mechanism and shorten the Turn Around Time (TAT), the Bank has set up City MSME Centers (CSCs) at major centers across the country. A number of products have been rolled out for the MSME sector, which considerably expanded the Bank's offerings to its MSME borrowers. The sourcing of the business would primarily be at the designated MSME branches and the CSCs (located in one of the identified branches in the city). A dedicated Sales Force will be put in place in all potential centers to market MSME products. Relationship Managers at the Branches would take care of the customer requirements and do up-sell/cross-sell at the identified Branches.

7. MSME Finance Products

Asset Products:

- a) Dealer Finance
- b) Funding under Credit Gurantee Scheme for Mico & Small Enterprises
- c) Direct Credit Scheme – SIDBI
- d) Preferred Customer Scheme- IDBI Bank/SIDBI
- e) Vendor Financing Program
- f) Lending against security of Future Credit Card Receivables
- g) Working capital Finance for IT & ITEs
- h) Finance to Medical Practitioner
- i) Loans to Small Road & Water Transport Operators
- j) IDBI Sulabh Vyapar Loan
- k) Laghu Udyami Credit Card Scheme

Liability Products:

- a) SME Hosiery Special Current Account

8. Loans applications from MSME units are to be disposed off within a reasonable time as per the below mentioned time norms, provided such applications are completed in all respects provided and accompanied by a 'check list'.

- i. Loans up to Rs.25000/- within two weeks from the date of receipt.
- ii. Loans upto Rs.5 lakh, within four weeks from the date of receipt.
- iii. Loans over Rs. 5 lakhs, within a maximum period of 8 weeks from the date of receipt.

9. Security

No collateral security/ third party guarantee is insisted upon in respect of loans to SEs (Erstwhile SSI) as under:

- a. Upto Rs.10 lakhs
- b. Upto Rs.25 lakhs in respect of units whose track record and financial positions are good as per Bank records; and
- c. Upto Rs.100 lakhs in respect of units whose borrowal accounts are covered under the Scheme of Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE).

In respect of other SE and ME units, collateral security/ third party guarantee may be stipulated by the bank.

10. ROI on Loans/Advances under MSME advances shall be linked to Base Rate and priced at a spread, based upon:

- The internal risk rating of client.
- Tenor of loan
- Competitive market rates of interest for client
- Internal transfer pricing
- Overall value of client relationship

11. Rejection of credit proposals

- i. Applications for credit facilities from SC/ ST customers shall not be rejected at the Branch / CSCs level and such applications shall be referred to the next higher authorities for their prior decisions/ permission;
- ii. Whenever applications for loans under Govt sponsored schemes are rejected by the CSCs/ Branches for valid reasons, a register is to be maintained to this effect, which shall be examined by the controlling authorities during their visits;
- iii. Rejection of MSME proposals shall be subject to concurrence of the next higher authority;
- iv. MSME proposals once rejected by a higher authority shall be placed before such higher authority even through the subsequent proposals say, for lesser amount falls within the powers of a lower authority;
- v. Rejection of exports credit proposals under MSME shall be immediately reported to Head-MSME; and
- vi. Rejection of Credit proposals by the CSC level authorities shall be recorded in a register maintained for this purpose, which shall be reviewed by the controlling authorities visiting CSCs.

12. Bank is committed to address the Grievances of the Micro & Small Enterprises. The aggrieved borrowers can address their grievances to the CSC Head/Regional Head/Head MSME, whose address and telephone are provided with the branch/CSC or may approach to Banking Ombudsman as per Banking Ombudsman Scheme, 2006 of the Reserve Bank of India.