

<b>From:</b>	<b>Report</b>	
	<b>Subject</b>	<b>Credit Appraisal &amp; Monitoring-Machinery &amp; Premises - Specific Issues</b>
	<b>Date</b>	
	<b>Circulation</b>	

**Specific issues in respect of Credit Appraisal & Monitoring.**

<b>Sr. No.</b>	<b>Specific Issues:</b>	<b>Action</b>
	<b>Loan against Flat / Gala / Shop / Land &amp; Building etc:</b>	
	<b>Following documents should be obtained:</b>	
1	When vacant Gala / shop is offered as security either primary or collateral, the reasons for the same should be ascertained.	
2	Earlier agreements / documents of title of land / premises should be on record. The change of ownership can be confirmed from Share certificate.	
3	Original agreement should be obtained from Sub- Registrar of Assurances.	
4	Original stamp duty receipt should invariably be obtained although original sale agreement duly registered is on record to confirm the stamp duty amount from franking. This is essential as few frauds were discovered in 2004 wherein double finance was availed from different Banks by submitting color xerox copy of sale agreement.	
5	Original lodgment receipt should be kept on record even if original sale agreement duly registered is on record.	
6	Property card should be obtained.	
7	Search report of property / Title clearance certificate / Report from Advocate should be obtained in case of new as well as old premises.	
8	Valuation report of premises should be obtained.	
9	Bank can also verify valuation from Govt. notification, rates given in Housing / Property Times etc.	
10	Advance should not be given in case sale agreement is not registered.	
11	Acknowledgement of letter sent to Sub-Registrar of Assurances for return of original agreement after registration should be kept on record.	
12	Latest commencement certificate from municipal authorities should be obtained.	
13	NOC & Letter acknowledging Bank's charge should be obtained from Builder.	
14	Bank should keep track of society formation and obtain letter acknowledging Bank's charge from co-operative society whenever formed.	



Sr. No.	Specific Issues:	Action
<b>Plant &amp; Machinery Loan:</b>		
1	Following points should be considered at the time of sanction of loan against the security of Machinery.	
➤	Life of the Machine, Obsolescence period, Technological development of the industry, resale value, Revenue generated or saved due to purchase, is it imported or indigenous, maintenance requirement, Loan repayment period etc.	
2	Bill copies of machinery / equipment should be obtained.	
3	Installation report, commissioning report of machinery should be obtained.	
4	Bank's name board should be given for affixing on machinery.	
5	Statement of Fixed assets acquired should be obtained duly certified by Chartered Accountant.	
6	CA certificate of Project expenditure & means of financing should be obtained at periodic intervals.	
7	Branch should confirm that loan is being disbursed to the vendor whose quotation / Proforma invoice was approved at the time of sanction.	
8	List of machinery suppliers should be obtained from borrower / web site and bank should confirm the quotation submitted by borrower.	
9	Whether bank's name board has been given to the borrower? If yes, obtain the confirmation that the same has been displayed in the premises.	
10	Details of machinery hypothecated should be mentioned in schedule-A of HB.	
11	Machinery should be insured.	
12	Inspection should be carried out.	
13	Machinery photograph should be kept on record.	
14	Books of accounts should be verified to confirm that the said machinery has been accounted properly at the correct price as per invoice submitted to bank.	